
Gold rallied on safe haven demand after US recession fear

LME Copper fell due to US recession fear; focus on US-China trade talk

Crude oil dropped on recession fear in US; outweighed supply disruptions from OPEC

Indian rupee remains in range, sell off in equities pushing rupee down against dollar

GOLD RALLIED ON SAFE HAVEN DEMAND AFTER US RECESSION FEAR

- ▲ Gold rallying since Friday as risk appetite reduced for equities post bearish comments from Federal reserve and poor economic from Europe raised recession fear among the countries. Safe haven demand improved for gold, bond and Yen. U.S. Treasury 10-year note yields dropped on Friday below three-months. Treasury bill yields for the first time since 2007 after disappointing U.S. manufacturing data.
- ▲ Equity Sell off- Most of Asian market selloff continued which pushed gold slightly higher. Equities were sold off across Asia, In Japan the Nikkei was highest loser and remained down more than 3%.
- ▲ Fed meeting- The Fed kept its key short-term rate at a range of 2.25 percent to 2.50 percent and Chairman Jerome Powell mentioned that US economy is in good shape; with modest slowdown overall economic conditions remain favorable and no need to increase interest rates.
- ▲ Brexit- EU has agreed to delay Brexit process and throws one last lifeline to UK. Under the EU's plan, if the House of Commons pass the exit deal, Britain will leave the EU on May 22nd.

Outlook

- ▲ Comex gold may remain firm above critical resistance of 1305; further up move could be seen on a sustained break above this level towards 1335. Geopolitical issues and Sell off into equities may keep supporting gold prices in the short term.

LME COPPER FELL DUE TO US RECESSION FEAR; FOCUS ON US-CHINA TRADE TALK

- ▲ Copper and other industrial metals fell as investors worried about the prospect of a recession in the United States. Copper generally indicate economic performance and demand pickup from good economic activity.
- ▲ Inventory- Copper inventories in SHFE warehouse dipped slightly to 259,172 tonnes last week. Copper inventories are at nine month high at SHFE though Comex and LME inventories are shaky. Copper stocks on the LME remain close to a decade-low.
- ▲ Trade deal – China ready to open up the country's economy to more market-based competition and international trade, Senior American officials are scheduled to come to Beijing in the coming days for trade talks.

Outlook

- ▲ LME Copper prices may remain firm on expectations of seasonally strong Chinese demand in coming quarters and low stocks, while concerns about a global economic slowdown due to trade tensions limit gains. Decreasing mine production and drying up inventories are keeping copper prices higher. Copper may find minor support around 6285; short-term trend remains positive above this level, meanwhile, immediate resistance is seen near 6544-6702.

CRUDE OIL DROPPED ON RECESSION FEAR IN US; OUTWEIGHED SUPPLY DISRUPTIONS FROM OPEC

- ▲ Concerns about a potential US recession resurfaced after bearish remarks by the U.S. Federal Reserve sent 10-year treasury yields to the lowest since early 2018.

- ▲ Oil prices dropped as concerns of economic slowdown and US may outweigh supply disruptions from OPEC's production cutbacks and U.S. sanctions on Iran and Venezuela.
- ▲ Inventories- U.S. crude oil inventories had the fastest rate fall since July 2018 last week. US Crude oil inventories declined by 9.59 million barrels on the week ending on 22nd March as compared to the week ending on March 15, adding to a drop of 3.86 million barrels in the previous week.
- ▲ OPEC+ members including Russia and other major oil producers canceled a meeting planned for April, leaving the alliance's price-boosting production cuts in place at least until June. OPEC+ meeting canceled for April because it expects the oil market to remain oversupplied through the first half of the year. OPEC is also observing how U.S. sanctions on Iran and Venezuela will affect the oil market in the coming months.

Outlook

- ▲ A possible slowdown in US economy may weigh on oil prices as oil demand may not pick up under slow down in US economy and trade concern with China. Oil prices may continue to receive support from OPEC+ production cut measures. Immediate recovery can be seen towards the next level of resistance around \$67.80 per barrel and \$70.80 if Brent oil regained strength from \$66 while next important support is seen around \$64.10 per barrel and \$62.80.

INDIAN RUPEE REMAINS IN RANGE, SELL OFF IN EQUITIES PUSHING RUPEE DOWN AGAINST DOLLAR

- ▲ The rupee depreciated against the US dollar in early trading as month-end demand for dollar from importers amid a weakening domestic equities pushed rupee down. Rupee is receiving minor support from a drop in Brent oil prices.

FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 1374.57 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 675.37 crore on 22th March.
- ▲ In March 2019 FIIs net bought shares worth Rs 26232.6 crore, while DII's were net sellers to the tune of Rs.13500 crore.

Outlook

- ▲ The current weakness in the dollar may continue further and rupee might strengthen as FII inflows continue in Mar'19 as well. USD-INR pair has broken key support around 68.80; we may witness a fresh decline towards 68.30-67.80. Meanwhile, key resistance is placed at 69.10; else it may remain in the 69.10-67.80 range in the short term. FII inflow could continue to support Indian rupee however any increase in crude prices from current levels may limit Rupee strength.

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