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Copper trades near 1-month low on growth fears and a strong dollar  
Strong dollar index continues to put rupee under pressure  
Gold marginally up, first weekly positive closing in five likely  
Oil prices decline on expectations of OPEC raising output

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## COPPER TRADES NEAR 1-MONTH LOW ON GROWTH FEARS AND A STRONG DOLLAR

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- ▲ Copper declined sharply on Thursday on fears of global economic growth and a stronger dollar helped put pressure on base metals. However in the early Friday session it rebounded, the metal is trading in the 6550-6300 range.
- ▲ Sentiment for copper is also supported by news that U.S. President Donald Trump would host Chinese leader Xi Jinping at the White House, which could possibly set the stage for a possible agreement on trade between Us and China
- ▲ Trade talk - A top US economic adviser said that United States and China were making progress in their trade talks. U.S. Trade Representative Mr. Robert Lighthizer and Treasury Secretary Mr. Steven Mnuchin will be traveling to Beijing for trade talks beginning on April 30. Chinese Vice Premier Liu will travel to US for further discussions starting on May 8.
- ▲ According to the report released by ICSG (International copper study group) data indicates that world Copper mine production is estimated to have remained essentially unchanged in January 2019 compared to January 2018
- ▲ ICSG: Copper Production in Chile, the world's biggest copper mine producing country, declined by 4% mainly due to lower copper head grades

### Outlook

- ▲ Strong dollar is definitely keeping copper under pressure along with other base metals. Copper is trading in the 6550-6300 range in the near term, further positive news on the US-China traded war front could take copper higher from this range. Expect copper is trading near the lower end of this range hence a rebound towards the upper end can be seen in the coming sessions.

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## STRONG DOLLAR INDEX CONTINUES TO PUT RUPEE UNDER PRESSURE

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- ▲ The Indian rupee lost ground owing to a strong dollar along with higher crude oil prices after the US government may end sanctions waivers that allowed buyers such as India to import Iranian crude. Even the dollar remained higher after strong U.S. housing data.
- ▲ Indian equity markets have also been trading soft since the past few trading sessions and have corrected a bit from the recent highs, this is also not helping Rupee stand its ground.
- ▲ Positive US economic data which is likely to make US central government sound least dovish might help Dollar strengthen further, as the US is doing far better than the other DMs.
- ▲ Crude has rallied sharply since December lows, an appreciation of about 48% from the lows. Higher crude oil prices put pressure on the Rupee due to negative CAD.

### FII and DII Data

- ▲ Foreign Funds (FII's) bought shares worth Rs. 3785.73 crores, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs. 4069.98 crore on April 25<sup>th</sup>.
- ▲ In April 2019, FII's net bought shares worth Rs. 12705.96 crores, while DII's were net sellers to the tune of Rs. 5870.36 crores.

### Outlook

- ▲ Recent macro-economic data are pushing the Indian rupee lower, indicating slower growth expectations. The Indian rupee is expected to weaken further if crude oil prices continue to trade higher in the near term. USD-INR could find support near 68.80-68.40 levels, while important resistance is seen around 69.69-70.23 levels.

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## GOLD marginally UP, FIRST WEEKLY POSITIVE CLOSING IN FIVE LIKELY

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- ▲ Gold continues to rise since the past few trading sessions also supported by weaker than expected German data points, although a strong dollar ahead of U.S. GDP data continues to keep a lid on the gains. Gold is on track to record a first weekly positive close in the last five
- ▲ Dollar was helped by data showing new orders for U.S. capital goods increased by the most in eight months in March, hitting their highest level. Japan's industrial output fell 0.9 percent in March from the previous month, down for the first time in two months.
- ▲ Global outlook is fatiguing across the developed markets indicating that interest rates are likely to remain at same levels, also with equity markets near all time highs some fund flow to safe heavens cannot be ruled out.
- ▲ Focus on US GDP data, which is expected to be released today. United States is expected to deliver better than predicted GDP growth rate of 2.1%.
- ▲ Holdings of SPDR Gold Trust fell to 749.63 tonnes on Tuesday, which is the lowest since Oct 23.

### Outlook

- ▲ Gold marginally up from four month low on increasing geopolitical tensions after US-Iran sanction waiver talks and poor German business data. Stronger than expected US housing data and Chinese GDP data points pushing gold prices down. Gold is expected to face a minor resistance around \$1,305-1,312, while key support remains near \$1,270. A break below \$1,270 could result in a decline for the precious metal towards \$1,260 & \$1,249.

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## OIL PRICES DECLINE ON EXPECTATIONS OF OPEC RAISING OUTPUT

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- ▲ Oil prices declined on Thursday on expectations that OPEC will raise output to make up for a decline in exports from Iran following sanctions by the United States. Saudi Arabia expected to raise output to fill supply gap however Russian oil quality concerns add to tight market (Germany, Poland and Slovakia suspended imports of Russian oil via a major pipeline, citing poor quality).
- ▲ Saudi Arabia and several of its allies have more replacement barrels than what would be lost from Iranian exports due to sanctions. Since October 2018, Saudi Arabia, Russia, the UAE, and Iraq have cut 1.3 million bpd, which is more than sufficient to compensate for Iranian supply loss.
- ▲ Iran sanction waivers by US to end by May 1- US announced all Iran sanction waivers would end and demanded that buyers of Iranian oil stop purchases by May 1 or face sanctions. The U.S. re-imposed sanctions in November on exports of Iranian oil after President Donald Trump pulled out of a nuclear accord with waivers to eight main buyers of oil, mostly in Asia. Iran's biggest oil customers are China and India.
- ▲ U.S. crude oil inventories surged more than expected last week. According to EIA inventories rose by 5.48 million barrels in the week to April 19. EIA report released a day later when the American Petroleum Institute (API) reported a build in crude oil inventory of 6.86 million barrels.
- ▲ Dollar index continues to remain strong which might put pressure on crude

### Outlook

- ▲ Brent oil rallied after US pushed to end sanction waivers granted to 8 oil consumers including India and China. Oil is also up following supply concerns from OPEC+ nations and US oil imports. However this deficit is likely to be compensated by other OPEC countries. Oil is holding above resistance turned support levels of \$72.40 per barrel; we see a retest of its recent highs of \$75-\$75.70 per barrel in the near term; immediate key support remains near 71.81-70.23 for the short term.

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