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Brent oil corrects from recent high after president Trump's tweet  
Gold remains firm near \$1330 per ounce on weak dollar,  
Copper remains firm on strong Yuan as trump hints for a final trade deal with china  
Sell off in equities after geopolitical tension in India pushed currency lower  
Steel prices recover on positive optimism over US-China trade deal and strong Yuan

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## BRENT OIL CORRECT FROM RECENT HIGH AFTER PRESIDENT TRUMP'S TWEET

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- ▲ Oil corrects more than 4% from recent high of 67.60 in last two days as U.S. President Donald Trump tweeted that oil prices were too high and the Organization of the Petroleum Exporting Countries (OPEC) should work on bringing them down.
- ▲ US Crude oil production hit a record 12 million barrels per day (bpd). This means that U.S. crude output has soared by almost 2.5 million bpd since the start of 2018, and by a whopping 5 million bpd since 2013.
- ▲ Inventory- API will release its weekly report today and DOE will release official crude oil inventory report tomorrow.
- ▲ OPEC cut- Crude oil rallied last week after U.S. sanctions against oil exporter Venezuela. OPEC and some non-affiliated producers such as Russia agreed late last year to cut output by 1.2 million bpd to prevent a large supply overhang from growing.

### Outlook

- ▲ Brent oil corrects after US president trump comments on Oil prices. Increasing US oil production levels is also negative for oil prices but the counter is still receiving support from OPEC+ production cuts. We expect Brent oil to remain positive as OPEC production cut, Venezuela and Libya issues could keep oil on the boil, US trade talks with China would also be watched closely for further clarity on demand growth. Positive US-China trade may support oil demand outlook for rest of the year.

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## GOLD REMAINS FIRM NEAR \$1330 PER OUNCE ON WEAK DOLLAR

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- ▲ The dollar index fell as risk sentiment improved, pushing global equities higher, on signs of further progress on trade talks between US-China.
- ▲ Gold recovers from early losses as the dollar declined against Yuan. Yuan rallied on optimism of trade talk, U.S. President Donald Trump said he would delay an increase in tariffs on Chinese goods. Gold could continue to decline as equity markets may rally post presidents comment.
- ▲ Palladium's premium -the tight supply in the palladium got a little tighter. Palladium hit record highs on strike threats at South African mines. The push higher widened palladium's premium against gold.
- ▲ Gold moved lower Monday after President Donald Trump's suspension of further U.S. tariff hikes on China removed a major support base for the safe-haven.

### Outlook

- ▲ Comex gold found immediate support around \$1322 per ounce, on a break below this level; further decline is possible till \$1305 meanwhile critical resistance is seen around \$1340-\$1349.80. We expect gold to remain in the 1322-1348 range in the short term. Geopolitical issues such as Brexit, Venezuela tension and Iran-India terror attack are keeping gold prices firm however positive outcome of US-China trade talk and fed comments could act as a headwind.

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## COPPER REMAINS FIRM ON STRONG YUAN AND TRUMP'S HINT FOR A FINAL TRADE DEAL WITH CHINA

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- ▲ Copper was higher on Monday after U.S. President Donald Trump comments for a final trade deal with China, though he warned that an agreement might not happen. The Yuan has gained 2.7 percent to the dollar so far this year, after falling 5.3 percent in 2018.
- ▲ LME copper prices touched their highest level since July after U.S. President Donald Trump said he would delay an increase in tariffs on Chinese goods scheduled for March 1. President Trump would also plan a summit with Chinese President Xi Jinping at his estate in Florida to conclude an agreement, assuming both sides make further progress.

- ▲ ICSG Report - World refined copper balance for the first eleven months of 2018 (including revisions to previous data) indicates a deficit of about 395,000 tonnes. World apparent refined usage is estimated to have increased by about 2.2% and production is estimated to have increased by 1.5% for the same period.
- ▲ Inventory - LME Copper warehouse stock decreased by -7725 mt in last five days to 132450mt, with net change of -48percent in last six month. Comex Copper warehouse stock decreased by -8411 mt in last five days to 61834mt, with net change of -71percent in last six month.

## Outlook

- ▲ Decreasing mine production and drying up inventories are keeping copper prices higher. Optimism over US China trade talk may support copper further. Copper may find minor support around 6285, short-term trend remains positive above this level. Meanwhile, immediate resistance is seen near 6544-6702.

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## SELL OFF IN EQUITIES AFTER GEOPOLITICAL TENSION IN INDIA PUSHED CURRENCY LOWER

- ▲ Indian equities bleed on IAF air strikes on JEM terror camps. Indian currency was trading lower on negative sentiments. Although weak US dollar and correction in crude oil provided some support.
- ▲ US dollar came under pressure against some currencies on rising foreign fund inflows and a higher opening of domestic equity markets.
- ▲ Oil prices continue to slide after slumping 3% in the previous session as U.S. President Donald Trump tweeted that oil prices were too high. He urged OPEC to work on bringing them lower.

## FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 2134.35 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 1746.40 crore on February 25nd.
- ▲ In February 2019 FIIs net bought shares worth Rs.8256.76 crore, while DII's were net buyers to the tune of Rs. 5328.19 crore.

## Outlook

- ▲ We can expect recovery in rupee if USD-INR pair breaks support level of around 70.96. USD-INR may decline towards 70.40-69.80 if it breaks 70.96. Meanwhile key resistance levels is seen 71.60, market may remain in range of 71.6-70.40 with negative bias over geopolitical tension.

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## STEEL PRICES RECOVER on positive optimism over US-China trade deal and strong Yuan

- ▲ The Yuan has gained 2.7 percent to the dollar so far this year, after falling 5.3 percent in 2018.
- ▲ Chinese steel and steel-making raw material prices recovered buoyed by positive market sentiment. Chinese steel prices receiving support by positive trade talks and Trump's comments of extending the deadline for talks.
- ▲ Global mining giant BHP Group projected China's infrastructure to rebound in 2019, while its property market is expected to be resilient and the automobile market is also likely to improve after a weak 2018
- ▲ Iron ore supply disruption is expected to hit Brazilian supplies of pellets. Refined from iron ore, pellets are used in blast furnaces for steel production.

## Outlook

- ▲ Steel rebar future on SHFE is likely to rise, supported by iron ore prices and optimism over US-China trade talks as construction demand may pick up this week and Inventory restocking after the holiday season could boost prices in the short term. The next level of resistance is seen around 3833-3920.

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