
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 under pressure due to us recession fears, OPEC cut acting as a tailwind
Indian rupee trading range bound

GOLD RALLIED ON SAFE HAVEN DEMAND AFTER US RECESSION FEARS

- ▲ Gold rally on Monday as well as appetite for risky assets reduced post bearish comments from Federal Reserve and poor economic data 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 (inverted yield is considered as an early indicator of an impending recession).
- ▲ Benchmark 10-year Treasury yields fell to their lowest levels since December 2017 on Monday while the yield curve inverted further as investors evaluated last week's dovish pivot by the Federal Reserve
- ▲ 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; he also stated that the overall economic conditions remain favorable with a modest slowdown and there is no need to increase interest rates.
- ▲ IMF First Deputy Managing Director David Lipton: The U.S.-China trade war poses the biggest risk to global stability and fiscal stabilization is needed to respond to economic shocks in Europe
- ▲ 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 1331; further up move could be seen on a sustained break above this level towards 1340. 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 declined as investors worried about the prospect of a recession in the United States. However it received some support due to the force majeure which is likely to be declared at Las Bambas mine at Peru.
- ▲ Las Bambas is one of Peru's biggest copper mines, with about 385,000 tonnes in output in 2018, due to which copper is receiving some support. However negative sentiment is acting as a headwind for the metal.
- ▲ Inventory- Copper weekly 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 further 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 find some support to bounce back 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 UNDER PRESSURE DUE TO US RECESSION FEARS, OPEC CUT ACTING AS A TAILWIND

- ▲ Concerns about a potential US recession resurfaced after the US-10 year and 3-Year yield, got inverted first time after 2007.
- ▲ 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.
- ▲ OPEC: Oil prices have been supported in 2019 due to efforts by the Organization of the Petroleum Exporting Countries and allies like Russia, who have pledged to reduce 1.2 million barrels per day (bpd) of supply this year to support oil prices.
- ▲ 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.

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 TRADING RANGEBOUND

- ▲ The rupee depreciated against the US dollar in early trading however Rupee strengthened in the afternoon session. Rupee is receiving minor support from slightly softer crude oil prices.
- ▲ Dollar index seems to be at a support zone suggesting it could rebound in the near term resulting in some Rupee weakness.

FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 150.40 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 12.52 crore on 25th March.
- ▲ In March 2019 FIIs net bought shares worth Rs 26383.00 crore, while DII's were net sellers to the tune of Rs.13512.64 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 69.30; we may witness a fresh decline towards 68.30-67.80. 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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