
Gold marginally up on us treasury yield curve inversion, signals rescission
LME copper receives momentum support from force majeure declared at Las Bambas
Crude oil edge higher on Venezuela supply concern
Indian rupee strengthened after RBI infused ₹34,561 crore into the banking system

GOLD marginally up on US Treasury yield curve inversion, signals recession

- ▲ Gold remains in range around \$1322 after declining the most in nearly two weeks in the previous session due to U.S. recession fears. Treasury yields and weak data weighed on the equity markets. U.S. homebuilding fell more than expected in February, while consumer confidence gradually decreased in March.
- ▲ Economic data offering further evidence of a sharp slowdown in economic activity early in the year.
- ▲ US-China trade negotiations scheduled to start on Thursday in Beijing are also being watched keenly.
- ▲ 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.
- ▲ Brexit- British lawmakers are preparing to take control of the House of Commons agenda for two days in an unprecedented move that will test support for alternatives to Prime Minister Theresa May's deadlocked Brexit plan.

Outlook

- ▲ Comex gold may strengthen further if critical resistance of 1331 is broken; 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 receives momentum support from Force majeure declared at Las Bambas

- ▲ LME 3M Copper maintain range of 6290-6390 over mixed sentiments. On one hand investors are concerned about worsening global economy from possible slowdown in US and on other hand optimism over US-China trade talks are providing support.
- ▲ Force majeure declared at Las Bambas (one of Peru's biggest copper mines, with about 385,000 tonnes in output in 2018), due to which copper is receiving support.
- ▲ LME Cash copper flipped from a premium to \$3 a tonne discount over the three-month contract. This was down from a \$70 a tonne premium touched on March 5, indicating ample supply.
- ▲ 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.

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 EDGE HIGHER ON VENEZUELA SUPPLY CONCERN

- ▲ Oil prices remained higher on Venezuelan supply concern though gains are in check amid growing fears over the impact of a global economic slowdown on demand.
- ▲ Venezuela supply concern- Venezuela's main oil export port of Jose and its four crude upgrades were unable to resume operations following a massive power blackout on Monday, the second in a month.
- ▲ API inventory report- The American Petroleum Institute (API) reported a build in crude oil inventory 1.93 million barrels against market expectations of 1.1 million barrels draw, for the week ending March 22. Distillate inventories decreased by 4.278 million barrels. Inventories at the Cushing, Oklahoma facility grew by 688,000 barrels. Gasoline inventories dropped to the amount of 3.469 million barrels.
- ▲ Concerns about a potential US recession resurfaced after the US-10 year and 3-Year yield, got inverted first time after 2007.
- ▲ 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 STRENGTHENED AFTER RBI INFUSED ₹34,561 CRORE INTO THE BANKING SYSTEM

- ▲ The rupee remained higher against the US dollar because exporters sold the dollar ahead of the end of the current financial year.
- ▲ The Reserve Bank of India (RBI) on Tuesday infused ₹34,561 crore into the banking system in exchange for dollars, in its first dollar-rupee swap auction. Swaps are a part of the liquidity management framework and have been used regularly.
- ▲ Crude oil prices remained higher as Venezuela blackout will reduce oil production. Higher oil prices are termed to be negative for Indian rupee as India is a net importer of oil.

FII and DII Data

- ▲ Foreign funds (FII's) bought shares worth Rs. 999.02 crore, while Domestic Institutional Investors (DII's) sold shares to the tune of Rs 196.70 crore on 27th March.
- ▲ In March 2019 FIIs net bought shares worth Rs 27382 crore, while DII's were net sellers to the tune of Rs.13709 crore.

Outlook

- ▲ The current weakness in the dollar may continue further and rupee might strengthen on the back of consistent FII inflows through Mar'19. 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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