
Gold in range after China PMI data, focus is on fed meeting

Disappointing China data pressures Copper prices

Indian rupee trade in range against dollar near 69.82, focus on US fed meeting

Crude oil soften after US president Trump's pressure on OPEC, supply situation still tight

GOLD IN RANGE AFTER CHINA PMI DATA, FOCUS IS ON FED MEETING

- ▲ Gold was marginally up over disappointing Chinese manufacturing activity, short term trend is still looking weak. China's manufacturing PMI in April unexpectedly fell to 50.1 in April from March's reading of 50.5
- ▲ U.S. Federal Reserve's two-day policy meeting begins today, fed is expected to keep interest rate unchanged.
- ▲ U.S. inflation figures put pressure on the dollar. The personal consumption expenditures price index excluding food and energy, slowed to 1.3% in the 12 months through March, from 1.8% the previous month.
- ▲ CTFC reports that speculative net long position for gold futures plunged -18878 contracts to 37395 last week. Speculative long positions declined -6522 contracts, while shorts gained +12356

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.

DISAPPOINTING CHINA DATA PRESSURES COPPER PRICES

- ▲ Copper prices fell after data showed growth in China's factory activity. PMI data indicate that Chinese economy is still struggling to regain traction.
- ▲ China's official Purchasing Managers' Index (PMI) fell to 50.1 in April from 50.5 in March.
- ▲ Trade talk- US Treasury Secretary Mnuchin says that US-China trade talks are in the final stage and we expect that both US and China may finalize trade deal by the end of June.
- ▲ China will observe its Labor Day holiday from Wednesday to Friday.

Outlook

- ▲ Strong dollar is 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.

INDIAN RUPEE TRADE IN RANGE AGAINST DOLLAR NEAR 69.82, FOCUS ON US FED MEETING

- ▲ USD-INR pair is trading in tight range after disappointing China PMI data as focus is on Fed meeting tomorrow. Rupee got marginal support from correction in crude oil prices. In the recent past, crude oil prices rallied but expectation of increased supply output from OPEC capped major gains.

FII and DII Data

- ▲ Foreign Funds (FII's) sold shares worth Rs. 70.73 crores, while Domestic Institutional Investors (DII's) bought shares to the tune of Rs. 920.88 crore on April 26th.
- ▲ In April 2019, FII's net bought shares worth Rs. 12634.96 crores, while DII's were net sellers to the tune of Rs. 4649.48 crores.

Outlook

- ▲ Recent macro-economic data are pushing the Indian rupee lower, indicating slower growth expectations. Even the IMF has lowered the Indian growth forecast for 2019 and 2020. 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 70.23 levels.

CRUDE OIL SOFTEN AFTER US PRESIDENT TRUMP'S PRESSURE ON OPEC, SUPPLY SITUATION STILL TIGHT

- ▲ Oil prices came under pressure last week after U.S. President Donald Trump openly pressured OPEC to meet the supply shortfall caused by the tightening Iran sanctions.
- ▲ Oil prices corrects marginally on expectations that OPEC may discuss to increase production after supply short fall from Iran and Venezuela. But still supply situation remain tight. Oil prices surged by around 40 percent between January and April, lifted by supply cuts from OPEC and US sanction on Iran and Venezuela.
- ▲ According to experts, Iranian oil production is projected to fall to 1.9 million barrels per day in 2Q19 from 3.6 million barrels per day in 3Q18.
- ▲ Negative china PMI data also increased expectation for a global slowdown of manufacturing activity which may dampen oil demand.
- ▲ CTFC reports that net long for crude oil future jumped by +32101 contracts to 557 359 for the week. Speculative long positions rose +28560 contracts while shorts dropped -3541

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, concerns about the slowdown in the global economy are acting as a headwind which could reduce demand. Brent oil is holding above resistance turned support levels of \$72.40 per barrel; we see a further bullish move towards \$74.13 and \$75.76 per barrel in the near term; immediate key support remains near 71.81-70.23 for the short term.

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