
OPEC supply plan puts pressure on oil prices³
Silver prices retrace back from recent gains

OPEC SUPPLY PLAN PUTS PRESSURE ON OIL PRICES

- WTI Crude oil price is currently trading near \$60.72, sharply lower from last month's high of \$67.98. Crude oil prices were under pressure after OPEC+ at its monthly meeting decided to gradually reduce its production cuts. OPEC+ decided to add 350,000 BPD in May and again in June, and then increase supply by 450,000 BPD in July. This also includes Saudi Arabia's slow trimming of its recent 1 million BPD production cut.
- However, crude oil prices found support from positive economic data. March U.S. ISM manufacturing index rose +3.9 points to 64.7, which was a 37-year high and indicating near-euphoria in the manufacturing sector.
- Meanwhile, the upside in Crude oil prices is capped due to demand concern. The fresh resurgence of the pandemic and new level of local down in Eurozone and India is likely to hurt economic growth and energy demand. The overall global Covid-19 caseload has topped 131.1 million, while the deaths have surged to more than 2.85 million, according to Johns Hopkins University.
- Baker Hughes reported last Friday that active U.S. oil rigs fell rose by +6 rigs in the week ended March 26 to a 10-3/4 month high of 324 rigs, well above August's 15-year low of 172 rigs.
- Speculators have cut both long and short positions in crude oil. According to the CFTC Commitments of Traders report for the week ended March 30, net long for crude oil futures jumped by 8,255 contracts to 531,310 for the week. The speculative long position fell by 11,857 contracts, while shorts declined by 20,112 contracts.

Outlook

- WTI Crude oil future contract is likely to face stiff resistance near \$62.90-64.30 while it may find immediate support base near 50 days EMA \$59.40 and 100 days EMA at \$55.30

SILVER PRICES RETRACE BACK FROM RECENT GAINS

- Silver prices which rallied from the recent low of \$23.740, failed to sustain and retraced back after testing the high of \$25.098. Strength in the dollar index and 10 US bond yield is likely to keep precious metals prices lower. The dollar index continued recovery from last week and holding above the critical mark of 93.00 meanwhile United States 10-Year Bond Yield is currently trading near 1.718% which is 2.33% higher from the previous closing and close to the recent high of 1.776%.
- Silver prices initially found support from the announcement of President Biden's \$2.25 billion infrastructure plan that would boost demand for industrial metals. However poor unemployment data from the US was not supportive of Silver prices. Thursday's unemployment claims report showed a weaker than expected US labor market.
- Silver prices are likely to face stiff resistance on the backdrop the of Covid pandemic, which is negative for industrial metals demand.

- According to the CFTC Commitments of Traders report for the week ended March 30, net longs for silver futures dropped by 2,109 contracts to 28,970 for the week. Both long and short positions have dropped, speculative long positions fell by 3,755 contracts, while shorts declined by 1,646 contracts.

Outlook

- Silver prices are likely to face stiff resistance at 50 days EMA at \$25.822 and 100 days EMA at \$25.920 while it may find a strong support base near \$24.076-\$23.203

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Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

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