
Supply worries and growth forecast to support copper prices
IMF Global growth forecast supports Crude oil prices

SUPPLY WORRIES AND GROWTH FORECAST TO SUPPORT COPPER PRICES

- LME Copper prices hovering near \$9,000 per mt which have bounced from the recent low of \$8,696 per mt after Chile closed its borders over a spike in coronavirus infections. Supply concern from Chile is likely to support copper prices, coronavirus cases in Chile surged past 1 million.
- Meanwhile, Chile's Codelco, the world's biggest copper miner, increased production by 2.1% year-on-year in February to 122,800 tonnes, according to state copper commission Cochilco.
- LME Copper warehouse inventory has increased significantly in the last 30 days to 143,775 mt as of 5th April from 8th March level of 84,250 mt. LME Copper inventory increased by 70% in one month time period, which is indicative of low physical demand.
- However positive global economic data is supporting the industrial metal. U.S. Feb JOLTS job openings unexpectedly rose +268,000 to a 2-year high of 7.367 million, against expectations of a decline to 6.900 million. Also, Eurozone Apr Sentix investor confidence rose +8.1 to a 2-1/2 year high of 13.1, against expectations of 6.7. Additionally, the China Mar Caixin services PMI rose +2.8 to 54.3, stronger than expectations of 52.1.
- As per the latest IMF report, the global economy is expected to expand by 6 percent this year, up from a previous projection of 5.5 percent, after a contraction of 3.3 percent in 2020. Among the emerging market and developing economies, China and India are expected to lead the way which is supportive for industrial activity. IMF has upgraded the global growth forecast for the year after vaccinations drive hundreds of millions of people.
- However, demand concerns due to the rapidly spreading deadly coronavirus in Eurozone and India is likely to limit the gain which is forcing governments to new lockdown in specific regions.

Outlook

- Positive economic data and supply concern in Chile is likely to support copper prices. It may find minor resistance around \$9,198-\$9,292 per mt while immediate support level is seen near 20 days EMA at \$8,921 per mt and 50 days EMA at \$8,692 per mt.

IMF GLOBAL GROWTH FORECAST SUPPORTS CRUDE OIL PRICES

- Crude oil prices bounced after IMF upgraded global growth forecast for the year after vaccinations drive of hundreds of millions of people. Positive economic growth is likely to increase energy consumption. Crude prices also found support from uncertainty over nuclear talks with Iran.
- US and Iranian talks began on Tuesday in Vienna to restore the 2015 nuclear deal. The official said that talks were "constructive," but the Biden administration cautioned that no immediate breakthroughs were anticipated. However, the Goldman Sachs report says that the Iranian oil supply to the market will not be a shock and a complete return will not take place at least until next year.
- Meanwhile, Increasing OPEC crude oil production is bearish for crude prices. OPEC Mar crude production rose +300,000 BPD to 25.330 million BPD.

- As per the latest API report, US crude supplies fell by 2.62 million bbl and gasoline stockpiles rose by 4.55 million bbl last week. However market will get more direction from the weekly EIA report later today. The consensus is for Wednesday's weekly EIA crude inventories to fall -2.0 million bbl. As per the last report, US crude oil inventories as of March 26 were +5.3% above the seasonal 5-year average, gasoline inventories were -4.2% below the 5-year average, and distillate inventories were +3.9% above the 5-year average.
- Baker Hughes reported last Friday that active U.S. oil rigs 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 \$59.30 and 100 days EMA at \$55.37

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