
Silver prices found support from positive manufacturing data
Supply worries and growth forecast to support copper prices
Increasing economic optimism to support oil prices

SILVER PRICES FOUND SUPPORT FROM POSITIVE MANUFACTURING DATA

- Silver prices rallied to the highest level in more than two weeks on the backdrop of weakness in the dollar index and positive global economic data which are supportive of industrial metal demand. US 10 year bond yields also recovered from the recent high of 1.776 and sustaining near 1.661 which is supportive for precious metals.
- Silver prices are receiving support from better-than-expected global economic data. The Eurozone Mar Markit composite PMI was revised upward to 53.2 from the previously reported 52.5, additionally, the Japan Feb leading index CI rose +1.2 to a 2-1/2 year high of 99.7 as per expectations.
- Precious metals received support from comments of Chicago Fed President Evans who said that he "expects the monetary policy will have to remain accommodative for some time to ensure that we meet the policy goals laid out in our new framework" as the Fed "still has some ways to go to reach its dual mandate goals of maximum and inclusive employment and inflation that averages 2%." However, the rally in precious metals was limited after ECB Governing Council member Knot said, "if the economy develops according to our baseline, from the third quarter onwards we can begin to gradually phase out pandemic emergency purchases and end them as foreseen in March 2022."
- Renewed concern over the Covid pandemic is likely also to keep silver prices firm due to long-term dovish central bank policies. The overall global Covid-19 caseload has topped 132.9 million, while the deaths have surged to more than 2.88 million, according to Johns Hopkins University.

Outlook

- Weakness in the dollar index and positive economic data are providing support to silver prices. It may find a strong support base around \$24.07 and \$23.20 however, the strong resistance level is seen near \$26.023- \$26.896

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. Industrial metals also found support after a \$2 trillion infrastructure proposal in the United States. US President Joe Biden is expected to meet with lawmakers on his proposed infrastructure bill, which is expected to give a boost of demand for industrial metals.
- LME Copper warehouse inventory has increased significantly and reached 150325 mt as of 6th April. Copper inventory increased more than 70% in the last one month time period and reached the highest level since 26 November 2020, which is indicative of low physical demand.

- However positive global economic data is supporting the industrial metal. As per the latest IMF report, the global economy is expected to expand by 6 per cent this year, up from a previous projection of 5.5 per cent, after a contraction of 3.3 per cent 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.

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.

INCREASING ECONOMIC OPTIMISM TO SUPPORT OIL PRICES

- Crude oil prices down after inventory report, however, positive global economic data along with increasing economic optimism is likely to support crude oil prices. IMF upgrades global growth forecast for the year after vaccinations drive for hundreds of millions of people. 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.
- WTI Crude oil prices fell after the weekly inventory report from EIA. Oil inventory dropped 3.5 million barrels for the week to April 2 along with a hefty gasoline stock increase and a build in distillates. A recent drop in crude oil inventory was lesser than the market expectation of a drop of a 1.325million.
- Meanwhile, Increasing OPEC crude oil production is bearish for crude prices. OPEC Mar crude production rose +300,000 BPD to 25.330 million BPD.

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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