

# COMMODITY & CURRENCY

CANVAS



Monthly Report

*Apr, 2024 | Issue 95*

# Contents

Currencies	3
Precious Metals	7
Base Metals	10
Energy	13
Monetary Policy Update	15
Event Calendar – Apr 2024	16
Core Team	17

## Currencies

### Fundamental Outlook

Rupee fell to fresh all-time lows after consolidating in a narrow range over the last few months as the dollar index rebounded from its recent lows and is now headed to test levels of 105. Also the Chinese Yuan fell to the lowest level in three-months following expectation that the PBoC could announce more stimulus measures to stimulate the economy. Recent volatility in the India Rupee has been led more by global factors than by domestic factors as there has been no major change in the India fundamentals. Like the Fed, market participants are pricing that the RBI could initiate a rate cut this year. On the domestic front, focus will also be on the general elections that is scheduled in the next couple of months. Recent, trade balance data showed from India showed deficit widened in the months of February to \$18.71 billion from \$17.49 billion in the previous month. On YoY basis, exports have risen by 11.89% and imports, on the other hand, rose 12%.

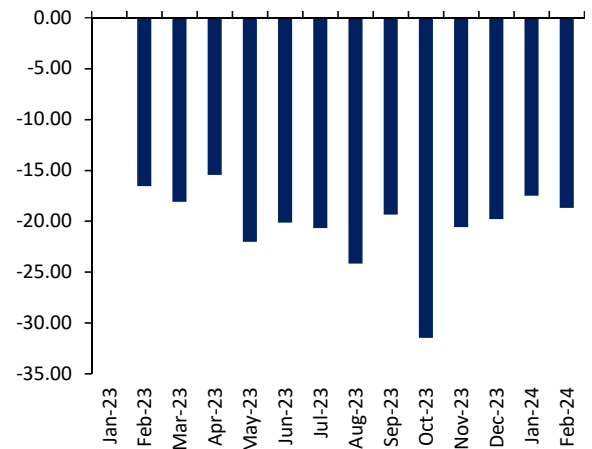
This month, on the domestic front, the RBI policy statement will be important to watch and expectation is that the central bank could keep rates unchanged. Market participants will be waiting for cues on any rate cut announcement in this year; following which outlook on inflation and growth will be keenly watched. Latest, data showed RBI forex reserves have risen to record high levels of \$642.63 billion suggesting that the central bank continues to intervene and buy at lower levels.

On the global front, manufacturing, retail sales and GEI important to gauge a view for the major crosses. Overall, strength in the dollar against its major crosses is likely to keep the rupee weighed down and we expect the USDINR(Spot) to trade in the range of 83.05 and 83.80.

### Global Currencies

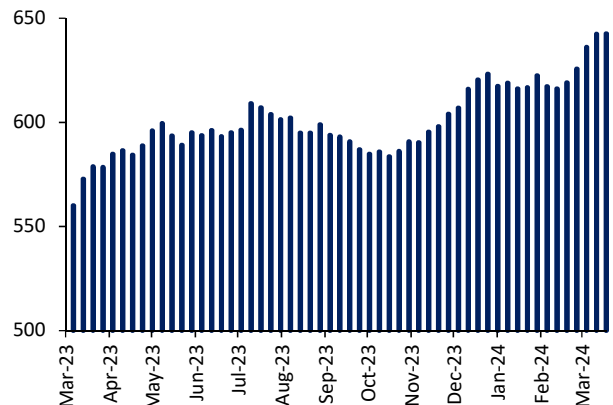
Volatility during the month was driven by few major central bank policy meetings importantly it was the Fed, BoJ and the BoE that was keenly eyed. All the three major central bank kept rates unchanged but it was the commentary of the central bank governor's that triggered volatility for the major crosses. The dollar rose for the third successive month and volatility continued to remain elevated as the initial reaction on the Dollar index was negative after the Fed held its key interest rates unchanged at 5.25%-5.50% as widely expected. In its projection report, GDP and inflation forecasts were revised higher from the previous projections reported in December. The highlight was that the interest rate projections for this year saw the median rate unchanged at 4.6%, suggesting that the Fed could consider cutting rates thrice this year. GDP for 2024 was revised upwards to 2.1% from December's projection of 1.4%. While core PCE is projected to tick higher to 2.6% from earlier projection of 2.4%. The Fed Chairman also mentioned that he will continue to adapt a data-driven approach for future rate decisions.

India Trade Balance(\$bln)



Source: Reuters

India Forex Reserves Weekly (\$bln)



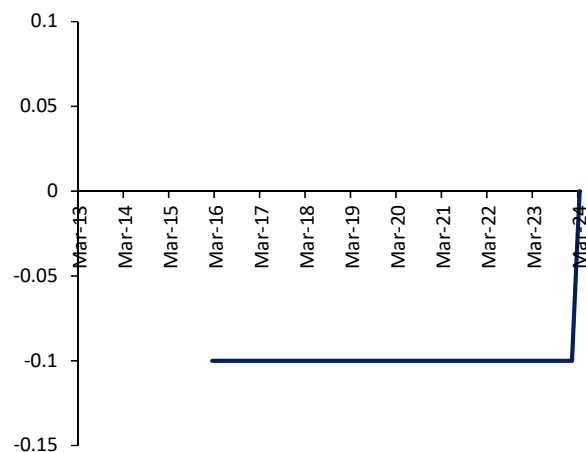
Source: Reuters

On the economic data front, from the US manufacturing and services PMI will be important. Also advance GDP and core PCE index number will be key to gauge for the dollar. We expect the dollar to trade with a positive bias and quote in the range of 103.20 and 104.80.

Euro and pound both continued to remain under pressure and were weighed down for the third successive month following broad strength in the dollar against its major crosses. The ECB released its policy statement wherein the central bank held rates unchanged. At the same time, the ECB laid ground to lower rates in the coming year as it made progress in bringing down inflation. On the other hand, pound witnessed selling pressure after the BoE kept the interest rate unchanged at 5.25%. Gov Bailey said that the economy is not at a point where the bank can lower interest rates, but the economy is moving along on the right track. This month, from the Euro zone, market participants will be keeping an eye on the manufacturing PMI and the ECB policy statement, wherein the central bank is expected to keep rates on hold. From the UK, GDP, retail sales and inflation will be important to watch as it will guide the move for pound apart from the dollar Index that has been gaining strength in the last few sessions.

The Bank of Japan in one of the historic moves announced to raise rates after 17 years, bringing the range to 0-0.1% and also ended their YCC policy. The statement mentioned that BoJ will continue to purchase long term JGB bonds, that weighed on the safe haven currency. They indicated that financial conditions would remain accommodative and refused to provide any additional guidance on future policy steps. This month, the Bank of Japan policy statement will be key after the central bank decided to raise rates at its last meeting. Restricted dovish outlook is likely to keep the yen under pressure against the US dollar. We expect the USDJPY to trade with a positive bias and quote in the range of 150.80 and 152.40.

**BOE Interest Rate (%)**



Source: Reuters

## Technical Outlook

### USDINR

In the first half of March, USDINR traded in a narrow range but picked up momentum later in the month, hitting a new all-time high and closing around 83.35 mark, up about 0.55% from the start. It found support near 82.70. Looking forward, the short-term outlook suggests a continuation of this positive momentum with sideways trading likely. Immediate support is at 83.05, while resistance is around 83.65-83.80. Traders should consider buying on dips, with higher resistance at 83.80-84.10 and lower support at 83.00-82.80.

### EURINR

EURINR traded within a relatively narrow range last month, forming a doji candle on the monthly chart, indicating indecision between buyers and sellers. Additionally, on the weekly chart, the Ichimoku cloud indicator suggests a bearish trend, with prices are trading below the base line. The 14-day Relative Strength Index (RSI) positioned below the 50 level further supports the bearish sentiment. Moreover, any significant pullback rallies higher were met with selling pressure, indicating continued weakness in the trend. Looking ahead, selling on the rise is thus advised from a short-term horizon. higher resistance is at the 90.90-91.70 range while lower support is at 89.05 & 88.35 regions.

### GBPINR

GBPINR exhibited choppy trading throughout the month, forming consecutive doji candles on the monthly chart, indicating indecision and a lack of clear trend. Additionally, the technical indicator Ichimoku Cloud suggests a bearish momentum, as price has been trading below the conversion line. Looking ahead, short-term bias remains corrective below 104.50 and an extended fall towards lower supports at 103.70-103.00 levels. Selling on the rise is thus advised. Meanwhile, higher resistances are seen at 106.20-107.10 levels.

### JPYINR

JPYINR traded in a relatively lower range last month, experiencing a negative trend with a decline of about 0.30% for the period. On the weekly chart, JPYINR has been following a clear channel pattern, respecting both the upper and lower trendlines consistently. The price action has been forming lower highs and lower lows, indicating a downward trend. Additionally, the 14-day Relative Strength Index (RSI) is below the 50 level supports the bearish sentiment. Looking ahead, selling on the rise is thus advised from a short-term horizon. The stiff higher resistance is at the 55.70-56.60 range while strong lower support is at 54.35 & 53.60 marks.

## EURUSD

EURUSD pair for the first week of March reveals initial bullish momentum followed by increased downward pressure, culminating in a close near the previous month's opening levels at approximately 1.0790 level. Utilizing the Ichimoku cloud indicator on the weekly chart, it becomes evident that the prevailing trend is bearish, as the price remains positioned below the conversion line. Looking ahead, selling on the rise is thus advised from a short-term horizon. The resistance is at the 1.0890 -1.1010 range while lower support is at 1.0610 & 1.0530 levels.

## GBPUSD

Last month, GBP/USD traded within a relatively narrow range, consolidating between immediate support at 1.2510 and resistance near 1.2770. This consolidation suggests a lack of clear direction in the market. The technical indicator Ichimoku Cloud suggests a bearish trend, as the price is trading below the conversion line. Additionally, the 14-day Relative Strength Index (RSI) positioned below the 52 level supports the bearish sentiment. Looking ahead, short-term bias remains corrective below 1.2490 and an extended fall towards lower supports at 1.2380-1.2270 levels. Selling on the rise is thus advised. Meanwhile, higher resistances are seen at 1.2790-1.2900 levels.

## USDJPY

In March, USDJPY maintained an upward trajectory, trading within an elevated range and remaining close to previous swing highs. Over the period, it recorded a modest increase of approximately 1%. On the weekly chart, USDJPY has been following a clear channel pattern, respecting both the upper and lower trend line consistently. Furthermore, the price action has been characterized by higher highs and lower lows, signalling a clear uptrend. Looking ahead, short-term bias remains positive above support at the 150.30 level and current rallies could extend higher towards 153.00 followed by the 154.50 level. Buying on dips is advised. Strong lower supports are seen at 149.60-148.00 levels.

## DOLLAR Index

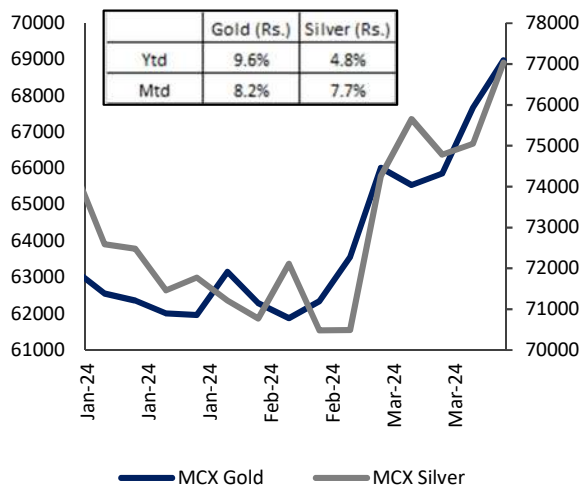
In the first week of March, the US Dollar Index exhibited a negative performance, but later in the month, it staged a good recovery from lower levels, ultimately closing near the 104.50 mark. On the daily chart, the Dollar Index has been forming higher highs and higher lows, indicating an upward trend. The technical indicator Ichimoku Cloud suggests a bullish trend, with prices trading above the conversion line. Additionally, the 14-day Relative Strength Index (RSI) is above the 50 level supports the bullish sentiment. Looking ahead, short-term bias remains positive above important support at the 103.80-102.60 zone and the current rally is likely to extend higher towards the 106.25-107.10 range. It's important to note that the medium-term bias would only turn negative if there's a sustained break below the 102.50 level.

## Precious Metals

### Fundamental Outlook

March added boosters to the Adrenaline rush for Bullion traders and investors, as Gold embarked on its historic run marking an all-time high on both Comex and domestic front. Silver tried to catch up, but could not outperform with the pace in Gold's prices. On YTD basis, Gold and Silver have gained by ~10% and 5% respectively. While reason behind such a rapid move in Gold remain inconclusive, as on one hand central banks have been buying gold continuously, Strong Chinese demand during spring festival, rise rate cut expectations, mixed economic data points, geo-political tensions followed by a host of other factors have been cushioning prices on lower end. However, on the flip side - volatile dollar index, delay in rate cut expectations, higher inflation and growth forecast by fed are some of the headwinds for the metal.

Gold and Silver (Rs.)



Source: Reuters

Overall move for this entire month has been quite exhilarating, Dollar Index showed some signs of ease off at the start of last month, but recovered from the recent lows of around 102.35 and then marked an high of 105; it was interesting to see that gold and Dollar index were moving in sync. Similar move was seen in US 10Y Yields as well, which marked a low near 4% in the previous month and swiftly reversed from there nearing 4.3% zone, indicating the confusion regarding Fed's interest rate ahead.

US CPI y/y (%)



Source: Reuters

Economic numbers since the past few weeks have been quite mixed, keeping the market participants on the edge. US consumer confidence, GDP, Core PCE price index all were reported lower than expectations weighing on Dollar Index, justifying the rate cut expectations set in June meeting. US non-farm payroll showed strong job additions in the month of February while, unemployment was marked 0.2% higher at 3.9%. US CPI and PPI were a bit disappointing as it was reported slightly higher, thereby increasing expectations for further delay in interest rate cuts for this year.

Fed officials since the start of this year have been preparing the market for a delayed rate cut; several US policy makers believe that inflation is still sticky and the labour market is also quite strong, hence more evidence is needed to begin the interest rate cuts. Something similar was seen in the month of December when the Fed released its dot plot and market participants started discounting a rate cut in March. In the rally when gold touched fresh record levels, the probability

Target Rate probabilities for Fed Meetings

Meeting Date	475-500	500-525	525-550
01-05-2024	-	3%	97%
12-06-2024	1.8%	61.8%	36.4%
31-07-2024	21.7%	54%	24.3%

Source: Reuters



chart for rate cut in the month of June was between 65-70%, however after better than expected inflation, it dropped to 50% and now again it is back to same level on higher side.

Fed Projections				
Years	Core Inflation	Growth	Unemployment	Fed Funds Rate'
2024	2.60%	2.10%	4.00%	4.60%
2025	2.20%	2.00%	4.10%	3.90%
2026	2.00%	2.00%	4.00%	3.10%

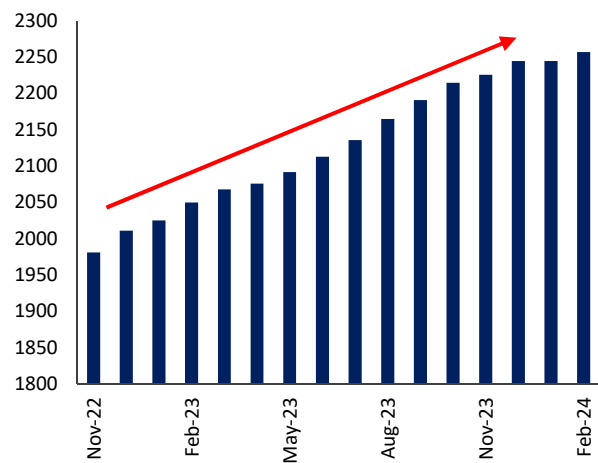
Source: Fed.gov

haven assets. We are seeing something similar once again, wherein market participants are discounting a rate cut three months from now, but Fed officials comments and economic data points are suggesting the opposite.

Geo-political tensions since past sometime were side-lined; however it is once again making headlines, keeping market participants on the edge. Recently, there were some updates regarding an attack in a concert where one of the largest death count was reported, in a terrorist assault in Russia in at least a decade. There have been continuous updates regarding the growing tussle between Israel and Hamas Group, which is also picking up heat with each passing day. The UN Security Council did try to intervene and pass a resolution demanding a ceasefire between Israel and Hamas for the first time since the war began. This resolution also calls for the immediate and unconditional release of all hostages held by Hamas. However, the resolution did not hold much value, as the attacks continue.

Managed net positions for Gold, in a month increased from 68042 to 157720 contracts, net longs increased by ~45% at the start of March. Similarly for silver, the net positions increased from -4143 to 30182 contracts, this change in positions of hedge funds and other large speculators supported the runaway rally in gold prices. Domestic import for Gold and Silver in first two months of this year has been quite remarkable; physical demand and import in China also has increased significantly supporting the sentiment on lower end. Central banks gold buying spree is one more factor giving a boost to the bullion market sentiment, PBoC showed a significant increase in its gold reserve, this is 16 consecutive months of growth for PBoC gold reserves, as of February. Along with China, Turkey, India, Russia, Uzbekistan and a few other central banks are participating well in the gold buying trend.

**PBoC: Consistent increase in Gold reserve from past 16 months**



Source: WGC



## Outlook:

Gold and silver started this year on a steady note, however since mid-Feb both the metals have caught upon a significant pace. Gold continuously is marking all-time high levels while silver is also picking the pace and inching higher. Looking ahead, the focus will continue to be on data from the US and major economies which will be important to gain further clarity on inflation trajectory and overall economy. Fed officials have been actively preparing the market since the start of this year hence, their commentary will be important to keep an eye on. Geo-political tensions have built the risk premium in the market, if we see any development in the same that could further add gains for both Gold and Silver. Change in rate cut expectations have increased volatility in Dollar Index and US Yields, going ahead how this impacts bullion will also be important to watch.

## Technical Outlook

### GOLD

In March 2024, gold prices surged by over 5100 rupees, marking an impressive 8.00% increase, representing the most significant monthly rise since August 2020. April has already seen an additional increase of over 2%. The market witnessed a breakout from a rising wedge pattern, signalling a potential target of Rs. 71,000. However, prior to reaching this target, a substantial correction might occur. Therefore, it's advisable to consider buying during market dips, particularly around the Rs. 67,500 to 67,800 levels. Significant support is anticipated at Rs. 65,500.

### SILVER

In Mar 2024, silver saw a notable surge, climbing by more than 3700 rupees, marking an impressive 5.29% increase. This rise comes as a relief after three consecutive months of decline. Over the past year, silver prices have fluctuated within a broad range of Rs.69,000 to 79,000. This month prices are already up by more than 4% and market is now approaching the upper range breakout point. A weekly close above Rs. 79000 level could push prices towards Rs. 82,000 to 84,000. Following the breakout, support will be at Rs. 76000.

### BULLDEX

In March 2024, the 'Bulldex' Bullion Index saw a remarkable upswing, jumping by over 1000 points, representing a substantial 6.80% climb. This uptick marks a turnaround after three consecutive months of decline. Already this month, the index has risen by more than 2%. we recommend buying during market dips, particularly around the 17200 to 17250 levels, with an anticipated target of 18200. Key support is currently situated at Rs. 16600.

## Base Metals

### Fundamental Outlook

**Copper** prices surges to 11-month highs with over 4% gain on the LME as Chinese smelters agree on a joint production cut, but this was followed by volatility after the dollar rallied sharply on the back of possibility of June rate cuts by the Fed. 15 Chinese plants discussed steps including potential production cuts in China, while smelters are facing a crisis after so-called treatment and refining charges collapsed. Plunge in spot processing fees has been driven by a slew of supply setbacks in the mining industry. Also supportive as a factor was delays in new projects and more reliance on copper scrap as a raw material instead of concentrate.

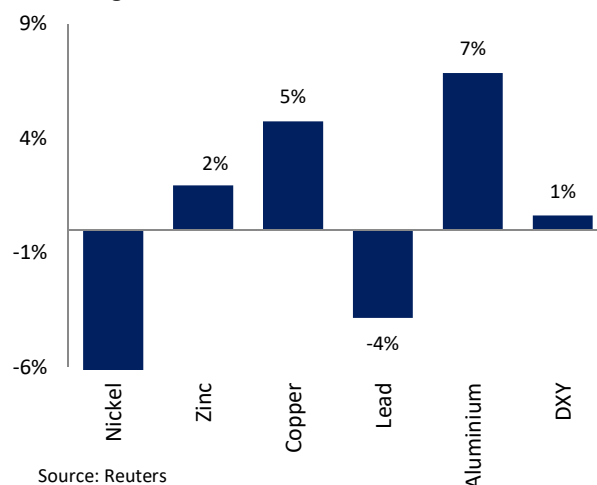
Chinese copper smelters agreed to curb their output amid short supply of copper ore and concentrate, sending prices to a record high. ShFE copper inventory rose steeply to 239,245 tonnes from 30,905 tonnes. China's manufacturing activity expanded for the first time in six months in March. Though the pace of growth was modest, it was also the highest PMI reading since March of last year, when momentum from the lifting of tough COVID-19 restrictions began to stall.

Support on the backdrop was also coming in from Closure of last year of First Quantum's Cobre Panama mine after massive protests in the Central American nation. At 350kt of copper in concentrate, the \$10 billion Cobre Panama mine accounted for around 1.5% of global copper output. To follow up Anglo American's move to slash production blaming low grades and high costs led to cut its target for 2024 from 1m tonnes to between 730kt–790kt. Output at Escondida, the only copper mine producing more than 1m tonnes per year, is expected to be at least 5% lower in 2025 than now.

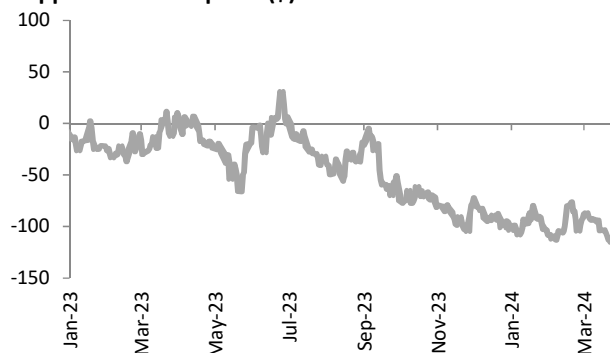
Monthly output in the second quarter will also add to the decline in production as smelters enter intensive maintenance.

Investors will be eyeing the Federal Reserve to cut interest rates in June after data showed easing U.S. prices. Now investors await crucial US personal spending data, the Fed's favorite inflation index, to gauge the likely pace of US monetary easing this year. The current upside could be confusing given the mixed macro backdrop and volatile dollar, but the bigger picture towards Chinese recovery, sharp contango, and stable dollar could support the bullish bias for the metal.

MTD change in LME metals



Copper Cash-3M Spread(\$)

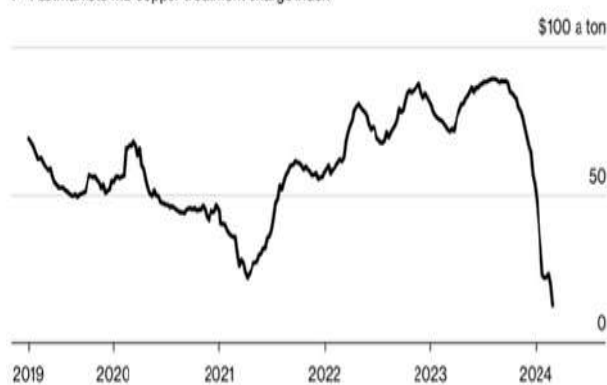


Source: Reuters

### Copper Processing Fees Plunge Towards Zero

Smelting margins are evaporating in the spot market

Fastmarkets MB copper treatment charge index



Source: Fastmarkets MB

**Aluminium** prices climbed to 3-month highs as buying interest increased with improving demand prospects from China and concerns regarding the sluggish recovery over production in China's Yunnan province. However, the upside was getting capped time and again due to expectations of easier monetary policy domestically and a strengthening dollar. Investors remained cautious, awaiting signals indicating a recovery in demand from China.

China imported 720,000 tons of unwrought aluminium and products in the January-February this year, up 93.6% from the same period last year. Global primary aluminium output in February witnessed a 3.9% YoY, reaching 5.54 million tonnes, as per the IAI. Meanwhile, the share of available aluminium stocks of Russian origin in LME-approved warehouses increased to 91% in February, indicating a notable presence of Russian aluminium in the market. Additionally, the amount of Russian primary aluminium stocks on the LME warrant also rose during the same period.

China's aluminium output in February saw a notable increase of 7.81% YoY, signalling resilience in production despite challenges. In February, downstream aluminium processing companies experienced closures or production reductions due to the Chinese New Year holidays. However, domestic aluminium smelters maintained steady operations, except for an aluminium smelter in Inner Mongolia which was still in the process of resuming production after a power outage. This disruption is expected to impact output in March.

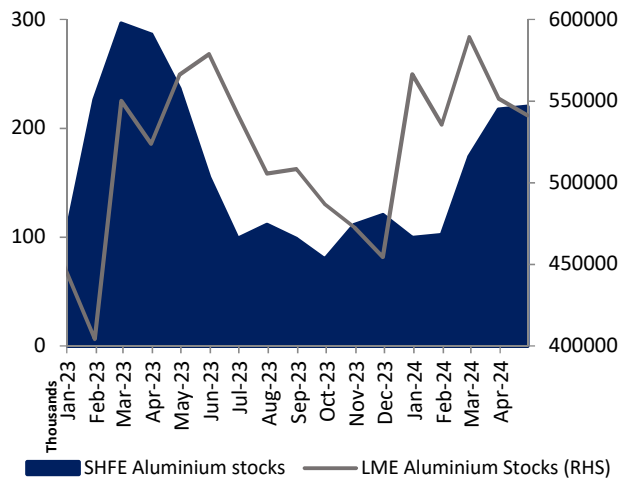
On the international front, a Japanese aluminium buyer agreed to a substantial premium of \$145 per metric ton over the benchmark price for shipments from April to June, marking a notable increase of 61% from the current quarter.

This uncertainty in supply dynamics contributed to market apprehensions, especially amidst growing expectations of an interest rate cut by the ECB and escalating tensions between Russia and Ukraine, which elevated commodity market sentiments. Fundamentally, there are expectations for increased production in May, but the drought situation in Yunnan introduces a level of uncertainty.

## Outlook:

Money is coming into metals and we can see that evidence of earlier it being copper and now getting into aluminium. Aluminium has been lagging behind its base metals peers, as it's a cheap metal and available in abundance. The latest Chinese import data is surprising and widely cited as a short-term driver and we could continue to see a positive momentum for another 5% upside.

**Aluminium LME and SHFE stocks**



Source: Reuters

## Technical Outlook

### COPPER

MCX Copper witnessed strong buying intent in the month of March, it continued to exhibit the strength throughout wherein prices recorded the high of Rs. 768.75 and low of Rs. 722.40 level. It settled the month with a gain of around 4.50%. On the weekly chart, prices have given a decisive move towards upside preceded by a consolidation range breakout. It might continue to advance the existing rally till about Rs. 780 on the higher side followed by Rs. 805. The 14-period RSI on daily chart has crossed the mid-level of 50 mark which signals that momentum is picking up on the higher side for short to medium term. Buy on dips is suggested near Rs.760-765 region in the counter for the coming month. However, our view will be negated if prices decisively break below Rs. 740 level.

### ZINC

MCX Zinc prices recorded the high of Rs.225.95 at the start of the month of March and witnessed slight corrective move in the latter half of the month. Prices settled the month with the gain of around 1.00%. Zinc has managed to hold the previous swing low of Rs.204 level on sustainable basis and is thus acting as a strong support. On the weekly chart, prices have opened on a positive note as it has witnessed a sharp rebound from its recent low of Rs. 215. One can expect the relief rally to continue till about Rs. 226 mark towards upside. A decisive break above the mentioned level is likely to push prices towards Rs.234 level in the medium term. Buy on dips is suggested at Rs.216 in the counter going forward as long as key support of Rs.204 is not breached on closing basis. However, our view will be negated if prices decisively break below Rs.203 level.

### ALUMINIUM

In the base metals pack, Aluminium prices gained by approximately 4.00% in the month of March. It has been trading in a broader consolidation range of 193 – 215 since past few months. On the weekly chart it has formed bullish belt hold candle indicating bullishness. Any decisive break above Rs. 215 on sustainable basis might initiate swift moves towards upside targeting 228 eventually. We suggest buy on dips in the counter. One can expect the bullish momentum to continue till it is holding above Rs. 205 on the closing basis.

## Energy

### Fundamental Outlook

Oil ended the month on a significantly strong note and is headed for gains of fourth consecutive month. Prices gained by approximately ~6% on back of number of factors that the OPEC+ maintained its previously established cuts, newer geopolitical developments, tightening markets and an uptick in demand forecast from top consumers US and China.

Geopolitics has been a major contributor to the recent rally in global crude oil prices. Ukraine knocked out almost 600,000 bpd of Russian refining capacity by drone attacks. This has resulted in lower refining capacity for the second quarter, which will combine with seasonal refinery maintenance to restrict petroleum output in the world's largest fuel exporter.

To this, Russia retaliated by delivering strikes by air, sea and ground based long range attacks taking out three of its thermal power stations in the overnight attacks. Following the attacks, US had pushed Ukraine to halt its attacks on Russia's refineries, fearing that any Russian reprisal would cause a jump in crude oil prices.

Market tightening is a significant scenario; as near-month oil futures are trading at a premium to those for a later date indicating backwardation in the market. Tighter outlook for markets also boosted as Russia, Saudi Arabia, and other members of the OPEC maintained ongoing output limits. Russia announced earlier in March that it will deepen its existing production cuts, instead of exports in the second quarter of 2024 so that all OPEC+ producers that reduce output contribute equally to the cuts.

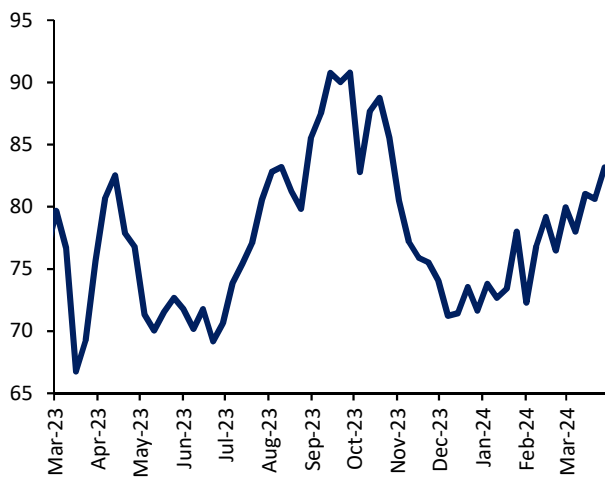
Lower exports were also seen from Iraq and Nigeria. Iraq committed last month to reduce exports to compensate for pumping more than its OPEC target. Nigerian production also fell, with exports dropping even more steeply, according to some ship trackers, as the Dangote refinery received additional cargoes. Gulf producers Algeria, Kuwait and the United Arab Emirates each kept output close to their voluntary targets.

China oil demand is expected to grow significantly with improving industrial activity and uptick in petrochemical sector boom. Manufacturing and service sectors recorded positive growth with the S&P Global China PMI clocking in at 51.1 in March— it's strongest since February 2023 which boosted sentiment of China's transition era to begin. The country is also aggressively onshoring its petrochemicals sector, displacing demand that was previously served by imports from Japan, Europe, South Korea and the Persian Gulf.

Minor correction was seen after Dollar Index gained ahead of the Fed meeting. Fed bolstered expectations of a June rate cut, while keeping rates unchanged this round. The dot plots suggest that the Fed could rate cuts this year by 75 bps and Powell rounded that off with a more dovish stance overall, oil prices felt some pressure as the dollar had a later upward reaction to revision of forecasts made to growth and inflation figures. The GDP for 2024 was revised upwards to 2.1% from December's projection of 1.4% while core PCE is projected to tick higher to 2.6% from earlier projection of 2.4%. The highlight was that the interest rate projections for this year saw the median rate unchanged at 4.6%.

Market participants widely await an OPEC+ meeting where the JMMC is unlikely to propose any changes to oil production policy and maintain current production cuts throughout Q2 of 2024. OPEC+ countries agreed to voluntarily reduce their output by 2.2 mbpd in the first quarter, albeit much of that was due to existing production restrictions, including Saudi Arabia's 1 million bpd voluntary cut.

WTI CrudeOil



Source: Reuters

Natural gas prices fell more than 6% after a mild winter with record output allowed utilities to leave significantly more gas in storage than usual for this time of year. Gas stockpiles were about 41% above normal levels for this time of year

### Outlook:

Crude Oil prices continue to be supported by geopolitical uncertainty and constant developments, supply tightness and stronger demand scenario. Overall, there are a lot of moving parts in oil markets and with prices already running up fairly, additional triggers will be crucially eyed on. We expect that momentum is likely to remain positive, especially with geopolitics adding to the overall risk premium.

## Technical Outlook

### CRUDEOIL

Crude Oil prices rose by 396 rupees or 6% in the month of March. Prices recorded the high of Rs. 6955 and low of Rs. 6367 throughout the month. It was consecutive third month of rise in Crude Oil prices. Prices have breached above the ascending triangle on weekly chart which signals further upside in the counter. Prices are also holding above the 100 EMA (Exponential Moving Average) on weekly chart which signals further strength in the counter. The 14-period RSI on weekly chart has crossed above 60 mark which signals strength in momentum on the higher side. The next leg of rally is likely to head towards Rs. 7500 in the medium term. Key immediate support is observed at Rs. 6600 level below which Rs. 6350 will act as critical support. Buy on dips is suggested in the counter for medium term.

### NATURALGAS

In the month of March, Natural Gas dropped by over 10 rupees reporting a fall of 7%. Prices fell for the fifth consecutive month. Prices have formed a double bottom formation on weekly chart near Rs. 130 level. It will act as critical resistance for the counter. As long as prices sustain above this level on weekly closing basis, there is a possibility of a trend reversal which could push the counter towards Rs. 180 to Rs. 200 level in the medium term. Buy on dips is suggested as long as this level is not breached on sustainable basis.



## Monthly Monetary Policy Update

Monetary Policy Update					
Central Bank	RBI	FED	BOJ	BOE	ECB
Date of Policy	8th February, 2024	20th March, 2024	19th March, 2024	21st March, 2024	7th March, 2024
Next Policy meet	5th April, 2024	1st May, 2024	26th April, 2024	9th May, 2024	11th April, 2024
Total rate hike announced (bps)	250	525	0.1	515	450
Current Interest rate (%)	6.50%	5.25%- 5.5%	0%- 0.10%	5.25%	4.50%
Stance	Cautiously Hawkish	Hawkish Pause	Cautiously Hawkish	Dovish	Hawkish Pause
Key highlights of the meeting	<ul style="list-style-type: none"> <li>RBI's MPC kept repo rate unchanged at 6.50%</li> <li>The MPC will maintain withdrawal of accommodation stance to ensure that inflation remains within the target going forward, while supporting growth</li> <li>Global growth is likely to remain steady in 2024</li> </ul>	<ul style="list-style-type: none"> <li>The Fed decided to leave interest rates unchanged</li> <li>The dot plot suggested three more rate cuts in 2024</li> <li>A data dependent approach will be maintained factoring in price stability and maximum employment</li> </ul>	<ul style="list-style-type: none"> <li>BOJ raised its interest rates for the first time in 17 years and ended its YCC policy</li> <li>The bank discontinued ETF purchases and Japan REITs but will continue to buy same amount of JGBs as it does now</li> <li>The bank is expected to maintain accommodative financial conditions</li> </ul>	<ul style="list-style-type: none"> <li>The BoE maintained its bank rate at 5.25%</li> <li>Andrew Bailey said the economy is not at a point where the bank can accommodate cutting rates, but sees economy going on the right track</li> <li>The labour market has continued to ease, but remains tight by historical standards.</li> </ul>	<ul style="list-style-type: none"> <li>ECB held its key interest rates again</li> <li>Lagarde suggested market pricing for a June rate cut was coming into line with policymakers' outlook.</li> <li>A rate cut in June is expected with stickiness of core inflation, driven by a tight job market in focus.</li> </ul>
Forecasts	<ul style="list-style-type: none"> <li>FY '24 GDP forecast raised to 7% from 6.5% earlier</li> <li>Economic growth was revised higher to 7% from 6.8%</li> <li>CPI Inflation FY24 forecast retained at 5.4%</li> </ul>	<ul style="list-style-type: none"> <li>GDP forecast for 2024 revised upward to 2.1% from 1.4% previously</li> <li>Core PCE is projected to tick higher to 2.6% from 2.4%</li> <li>Unemployment forecast seen at 4% for 2024</li> </ul>	<ul style="list-style-type: none"> <li>Core CPI estimate for fiscal 2025 raised to 1.8% from 1.7% earlier</li> <li>Core CPI for fiscal 2024 lowered to 2.4% from the previous 2.8%</li> <li>Real GDP forecast for fiscal 2024 raised to 1.2% from the previous 1%</li> </ul>	<ul style="list-style-type: none"> <li>GDP is expected to grow 0.0% in Q1 '24</li> <li>CPI-Q1 '24 is seen at 3.6%</li> <li>Unemployment rate Q1 '24 is seen at 4.4%</li> </ul>	<ul style="list-style-type: none"> <li>Economic growth of 0.6% seen in 2024, from a previous forecast of 0.8%.</li> <li>Inflation forecast for the year brought to an average 2.3% from 2.7%.</li> </ul>
Currency Impacted	USDINR(₹)	Dollar Index(\$)	USDJPY(¥)	GBPUSD(£)	EURUSD(€)
Impact on Currency	Positive	Positive	Positive	Neutral	Negative
Impact on Gold	Neutral	Neutral	Neutral	Neutral	Neutral



## Events Calendar –April 2024

Monday	Tuesday	Wednesday	Thursday	Friday
<p>1</p> <p>CNY Caixin Manufacturing PMI US Manufacturing PMI (Mar)</p>	<p>2</p> <p>HCOB Eurozone Manufacturing S&amp;P Global/CIPS UK German CPI (YoY) (Mar) Factory Orders (MoM) (Feb) JOLTs Job Openings (Feb)</p>	<p>3</p> <p>CNY Caixin Services PMI (Mar) EU CPI (YoY) (Mar) OPEC Meeting ADP Nonfarm Employment S&amp;P Global Services PMI (Mar) ISM Non-Manufacturing PMI Crude Oil Inventories Fed Goolsbee Speaks Fed Chair Powell Speaks</p>	<p>4</p> <p>HSBC India Services PMI (Mar) HCOB Germany Services PMI (Mar) HCOB Eurozone Services PMI (Mar) S&amp;P Global/CIPS UK Services PMI Initial Jobless Claims Trade Balance (Feb) Natural Gas Storage</p>	<p>5</p> <p>Interest Rate Decision UK Construction PMI (Mar) Average Hourly Earnings (MoM) Nonfarm Payrolls (Mar) US Unemployment Rate (Mar)</p>
<p>8</p> <p>-</p>	<p>9</p> <p>-</p>	<p>10</p> <p>US Core CPI (MoM) (Mar) US CPI (YoY) (Mar)</p>	<p>11</p> <p>CNY CPI (YoY) (Mar) OPEC Monthly Report ECB Interest Rate Decision (Apr) US Core PPI (MoM) (Mar) Initial Jobless Claims PPI (MoM) (Mar)</p>	<p>12</p> <p>German CPI (MoM) (Mar) GDP (MoM) (Feb) CPI (YoY) (Mar) Michigan Consumer Sentiment (Apr)</p>
<p>15</p> <p>WPI Inflation (YoY) (Mar) Core Retail Sales (MoM) (Mar) Retail Sales (MoM) (Mar)</p>	<p>16</p> <p>GDP (YoY) (Q1) Chinese Unemployment Rate Unemployment Rate (Feb) Building Permits (MoM) (Mar) Housing Starts (MoM) (Mar)</p>	<p>17</p> <p>UK CPI (YoY) (Mar) EUCPI (YoY) (Mar)</p>	<p>18</p> <p>Philadelphia Fed Manufacturing Existing Home Sales (MoM) (Mar)</p>	<p>19</p> <p>Core Retail Sales (MoM) (Mar) Retail Sales (MoM) (Mar) German PPI (MoM) (Mar)</p>
<p>22</p> <p>China Loan Prime Rate 5Y (Apr)</p>	<p>23</p> <p>Germany Manufacturing PMI HCOB Germany Services PMI Eurozone Manufacturing PMI HCOB Eurozone Services PMI</p>	<p>24</p> <p>US Core Durable Goods Orders</p>	<p>25</p> <p>US Advance GDP q/q Unemployment Claims Pending Home Sales m/m</p>	<p>26</p> <p>Tokyo Core CPI y/y BOJ Policy Rate Monetary Policy Statement BOJ Outlook Report BOJ Press Conference Core PCE Price Index m/m Revised UoM Consumer Sentiment</p>
<p>29</p> <p>Monetary Policy Meeting Minutes German Buba Monthly Report New Home Sales US</p>	<p>30</p> <p>BOJ Core CPI y/y</p>	<p>29</p> <p>German Prelim CPI m/m</p>	<p>30</p> <p>Manufacturing PMI CB Consumer Confidence</p>	

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