MONTHLY BULLETIN (RESEARCH) Date 11th March 2024

GOLD

Market Outlook and Fundamental Analysis:

Bullion Index register 23rd consecutive monthly fall in Feb by 1% after FED expected to hold rate cut later than expected earlier which buyout dollar index as well US treasury yield and make pressure in bullion. However bullion likely to recover after recent sell off due to expected rate cut by FED in as early as June meeting added by ongoing geopolitical tension and consistent central banks buying spree will support bullion at every dip. Bullion generally remains positive during geopolitical as well financial crisis. Gold is known as a safe investment during economic and geo-political crisis, but a high-interest rate environment makes the non-yielding asset less attractive to investors in last year and still this will play a vital role to decide prices in months to come. For the month of Feb Gold in domestic future exchange end almost flat while Siler register 3rd consecutive monthly fall by inch above 1%.

US Nonfarm payrolls, a gaunge to interest rates decision shows, U.S. employers added 275,000 jobs last month, a Labor Department report showed, handily beating the 200,000 that economists expected. But the report's revisions of prior months' estimates showed smaller job gains in January and December than had earlier been thought and other details of the report suggested a rebalancing in the labor market continues. The U.S. unemployment rate rose to 3.9%, its highest in two years, though still below levels the Fed sees as sustainable in the long-run. And wage growth has continued to edge down, rising 4.3% in February from a year earlier, down from 4.4% in January. Fed policymakers won't see that growth as consistent yet with their 2% inflation goal, but it is moving in the right direction.

U.S. private payrolls rose slightly less than expected in February, while wages for workers remaining in their jobs increased at the slowest pace in 2-1/2 years, consistent with a cooling labor market. Private payrolls increased by 140,000 jobs last month after rising by an upwardly revised 111,000 in January against expected to increase by 150,000 jobs last month and compared to the previously reported 107,000 in January, the ADP Employment report showed.

The European Central Bank the central bank for the 20 countries sharing the euro kept borrowing costs at record highs and stressed that, while inflation was easing faster than it anticipated only a few months ago, it was still not ready to lower rates. "We are making good progress towards our inflation target and we are more confident as a result - but we are not sufficiently confident," ECB President Christine Lagarde told a press conference.

In quarterly economic projections released earlier, the ECB cut its forecast for inflation this year from 2.7% to 2.3%. That could mean inflation hits the ECB's 2% target before the end of this year, rather than in 2025 as it has expected. Investors have pencilled three or four cuts to the 4% rate the ECB pays on bank deposits this year, taking it to 3.25% or 3.0%.

Continued progress on lowering inflation "is not assured" though the U.S. Federal Reserve still expects to reduce its benchmark interest rate later this year, Fed Chair Jerome Powell said in comments to U.S. lawmakers who will face price-weary voters in a charged presidential election year. If the economy evolves broadly as expected, it will likely be appropriate to begin dialing back policy restraint at some point this year," Powell said in remarks prepared for delivery at a hearing before the House Financial Services Committee. "But the economic outlook is uncertain, and ongoing progress toward our 2% inflation objective is not assured." He noted that inflation had "eased substantially" since hitting 40-year highs in 2022, and said there were risks of both cutting rates too soon and allowing inflation to reaccelerate, and of keeping monetary policy too tight for too long and damaging an ongoing economic expansion that has sustained a below 4% unemployment rate for two years. But he also remained reluctant to say when monetary policy might ease, repeating that officials still need "greater confidence" in a continued decline of inflation before they reduce a benchmark rate of interest that has been held in the 5.25% to 5.5% range, the highest in more than 20 years, since July.

The bulk of policymakers at the Federal Reserve's last meeting were concerned about the risks of cutting interest rates too soon, with broad uncertainty about how long borrowing costs should remain at their current level, according to the minutes of the Jan. 30-31 session. Whereas "most participants noted the risks of moving too quickly to ease the stance of policy," only "a couple ... pointed to downside risks to the economy associated with maintaining an overly restrictive stance for too long." The minutes seemed to reinforce the recent message of Fed policymakers that they would be in no hurry to deliver on rate cuts that officials still expect to begin sometime this year. While Fed officials say they are confident the central bank's policy rate can be lowered later this year from the 5.25%-5.50% range maintained since July, the Jan. 31 policy statement was explicit about the need for "greater confidence" in falling inflation before rate cuts can commence.

Global factories struggled to claw their way out of decline in February, with European powerhouse Germany squeezed by a steeper fall in demand while an uneven recovery in China overshadowed some signs of improvement in Asia. Across the euro zone, manufacturing activity continued to contract last month amid weak demand although firms were optimistic about the year ahead. HCOB's final euro zone factory PMI, compiled by S&P Global, dipped to 46.5 in February from January's 46.6, beating a preliminary estimate of 46.1 but below the 50 mark separating growth in activity from contraction for a 20th month.

British manufacturers marked a year of falling output in February as factories shed workers at the fastest rate since the onset of the COVID-19 pandemic, as S&P Global/CIPS UK Manufacturing PMI rose last month to 47.5 from 47.0 in January - revised up from a preliminary reading of 47.1 - it has been stuck below the 50 threshold for growth since August 2022. The survey's gauge of output, while improving in February, signalled a 12th successive monthly downturn.

Japan unexpectedly slipped into a recession at the end of last year, losing its title as the world's third-biggest economy to Germany and raising doubts about when the central bank would begin to exit its decade-long ultra-loose monetary policy. Japan's gross domestic product (GDP) fell an annualised 0.4% in the October-December period after a 3.3% slump in the previous quarter, government data showed, confounding market forecasts for a 1.4% increase. Two consecutive quarters of contraction are typically considered the definition of a technical recession.

Japan's January factory output fell at the fastest pace since May 2020, as a production downturn in motor vehicles adds to concerns about the fragility of an economy that slipped into recession late last year. Industrial output fell 7.5% in January from the previous month. It was slightly worse than the median market forecast for a 7.3% drop, with output sliding in 14 of the 15 industries surveyed by METI.

The U.S. economy grew at a solid clip in the fourth quarter amid strong consumer spending, as GDP increased at a 3.2% annualized rate last quarter, revised slightly down from the previously reported 3.3% pace, the Commerce Department's Bureau of Economic Analysis said in its second estimate of fourth-quarter GDP growth. Economists polled by Reuters had expected that GDP growth would be unrevised. The modest downward revision reflected a downgrade to private inventory investment. The economy grew at a 4.9% pace in the July-September quarter. It expanded 2.5% in 2023, acceleration from 1.9% in 2022, and is growing above what Federal Reserve officials regard as the non-inflationary growth rate of 1.8%.

Separately, Australia's economy grew at a snail's pace in the December quarter as a punishing squeeze on household incomes brought consumer spending to a standstill, as real GDP rose 0.2% in the fourth quarter, under forecasts of 0.3%. That compared with an upwardly revised 0.3% expansion in the prior quarter. Annual growth slowed to 1.5%, down from 2.1% the previous quarter and the lowest since early 2021, when the economy was emerging from a pandemic-driven recession. Australian consumer price inflation held at a two-year low in January despite forecasts for an uptick, reinforcing expectations that interest rates are unlikely to increase further. Australia's monthly CPI rose at an annual pace of 3.4% in January, unchanged from December and under market forecasts of 3.6%

New Zealand's central bank held the cash rate steady at 5.5% and trimmed the forecast peak for rates, catching markets by surprise as policymakers said the risks to the inflation outlook have become more balanced. The bank lowered its forecast cash rate peak to 5.6% from a previous projection of 5.7% - toning down its hawkish stance and effectively reducing the risk of further tightening.

The downturn in euro zone business activity eased in February, suggesting signs of recovery, as the dominant services sector broke a six-month streak of contraction and offset deterioration in manufacturing, a survey showed. As HCOB's preliminary composite PMI, compiled by S&P Global, rose to 48.9 this month from January's 47.9, ahead of expectations in a Reuters poll for 48.5 but marking its ninth month below the 50 level separating growth from contraction. The euro zone services PMI jumped to 50.0 from January's 48.4, far exceeding the poll expectation for 48.8. But again, as in January, there were signs of inflationary pressures with both services input and output prices indexes rising. The output price index rose to a nine-month high of 56.9 from 56.3.

U.S. producer prices increased more than expected in January amid strong gains in the costs of services, as it rose 0.3% last month after declining by a revised 0.1% in December, against Economists polled by Reuters had forecast the PPI rebounding 0.1% following a previously reported 0.2% drop. In the 12 months through January, the PPI increased 0.9% after climbing 1.0% in December. U.S. consumer prices increased more than expected in January amid rises in the costs of shelter and healthcare, as CPI increased 0.3% last month after gaining 0.2% in December. Annual revisions to the CPI data published last Friday were mixed, but generally showed inflation was on a downward trend after surging in 2022. In the 12 months through January, the CPI increased 3.1%. That followed a 3.4% advance in December.

Britain's economy fell into a recession in the second half of 2023, as GDP) contracted by 0.3% in the three months to December, having shrunk by 0.1% between July and September, official data showed. The fourth-quarter contraction was deeper than all economists' estimates in a Reuters poll, which had pointed to a 0.1% decline. Britain's economy stands just 1% higher than its level of late 2019, before the COVID-19 pandemic struck - with only Germany among G7 countries faring worse. The Office for National Statistics (ONS) said the economy grew 0.1% across 2023 compared with 2022. GDP per person has not grown since early 2022, representing the longest such unbroken run since records began in 1955.

On data side, British house prices in February rose in annual terms for the first time in more than a year, mortgage lender Nationwide Building Society said, the latest sign of a recovery in the housing market after a dip in mortgage costs. House prices were 1.2% higher than in February 2023, the first annual increase since January last year, Nationwide said. Prices rose by a monthly 0.7% between January and February this year, it said. A Reuters poll of economists had pointed to a rise of 0.7% in annual terms and a month-on-month increase of 0.3%. U.S. prices picked up in January, but the annual increase in inflation was the smallest in nearly three years, keeping a June interest rate cut from the

Federal Reserve on the table. As PCE price index rose 0.3% last month and data for December was revised lower to show the PCE price index gaining 0.1% instead of 0.2% as previously reported. In the 12 months through January, PCE inflation rose 2.4%. That was the smallest year-on-year increase since February 2021 and followed a 2.6% advance in December. Economists polled by Reuters had forecast the PCE price index climbing 0.3% on the month and increasing 2.4% year-on-year. US Jobless claim for last week of Feb rose 13,000 to a seasonally adjusted 215,000 for the week ended Feb 24. Economists had forecast 210,000 claims for the latest week. U.S. retail sales fell more than expected in January, as Retail sales dropped 0.8% last month. Data for December was revised lower to show sales rising 0.4% instead of 0.6% as previously reported. Core sales for December were revised down to show them rising 0.6% instead of the previously reported 0.8%.

Euro zone inflation dipped further this month, strengthening the case for the European Central Bank to start easing interest rates from record highs later this year, even if data suggest a much slower decline in underlying price pressures. British inflation unexpectedly held steady at 4.0% in January, defying forecasts of a rise, official data showed, against economists polled by Reuters had expected an increase in the annual rate to 4.2%. Consumer price inflation - which surged as high as a 11.1% in October 2022 - is expected to fall further in the coming months, paving the way for the BoE to start cutting borrowing costs from their 16-year high. Britain's core inflation, which excludes volatile food, energy, alcohol and tobacco prices, was also unchanged at 5.1%, the Office for National Statistics said.

South Korea's consumer inflation accelerated in February and beat expectations due to supply-side pressures after three months of easing, as CPI rose 3.1% in February from the same month the year before, compared with a rise of 2.8% in January and a gain of 2.9% tipped in a Reuters poll of economists. On a monthly basis, consumer prices rose 0.5%, after rising 0.4% in the previous month. It was the fastest jump since September, according to Statistics Korea.

Bloomberg Index Services said it would include in its Emerging Market Local Currency Index from Jan. 31 next year 34 Indian government bonds eligible for investment via the country's fully accessible route (FAR). The weight of India FAR bonds will be increased in increments of 10% of their full market value every month over the 10-month period ending in October 2025." As of January 31 this year, 34 Indian FAR bonds with a total market value of $448 billion were eligible for the EM Local Currency Government Index, and the other indexes, it added. Once completely phased into the Bloomberg Emerging Market 10% Country Capped Index, India FAR bonds will be fully capped at 10% weight within the index.

Moody's Investor Service sharply raised its GDP forecast for India to 6.8% from 6.1% for 2024 and said. "India is likely to remain the fastest growing among G-20 economies over our forecast horizon." High-frequency indicators show the economy's strong third and fourth quarter momentum carried into the first quarter of the current calendar year, Moody's said.

India is the world's second biggest consumer of gold, India's economy grew at its fastest pace in one-and-half years in the final three months of 2023, as GDP grew 8.4% in the October-December quarter, much faster than the 6.6% estimated by economists polled by Reuters and higher than the 7.6% recorded in the previous three months.

On domestic Data update, Activity in India's services sector continued to accelerate in February, albeit at a slightly slower pace, as HSBC India Services PMI, compiled by S&P Global, fell to 60.6 last month from January's six-month high of 61.8 and confounding a preliminary reading for a rise to 62.0. However, it has stayed above the 50-mark that separates growth from contraction since August 2021. India's manufacturing industry enjoyed robust growth in February with activity expanding at its fastest pace in five months, led by accelerated global demand and lower inflationary pressures, a private survey showed. The HSBC final India Manufacturing PMI, compiled by S&P Global, rose to 56.9 in February from January's 56.5, beating a preliminary estimate of 56.7. India's manufacturing PMI has been above the 50-mark that separates growth from contraction for 32 months. India's fiscal deficit for ten months of the 2023/34 financial year was 11.03 trillion rupees ($133.1 billion), or 63.6% of the estimate for the whole year, government data showed. Net tax revenues for the April-January period were 18.80 trillion rupees, or 81% of the annual estimate, compared with 16.89 trillion rupees in the same period last year, according to the data. The financial year began April 1, 2023. Indian business activity expanded at its fastest pace in seven months in February as demand remained strong for both manufacturing and services, according to a business survey, which also showed an easing in price pressures. HSBC's flash India Composite PMI, compiled by S&P Global, rose to 61.5 this month from January's final reading of 61.2, staying above the 50-mark that separates expansion from contraction for a 31st straight month. India's wholesale price index in January rose at a slower pace than in the previous month, mainly due to an easing of food prices and a sharper fall in prices of manufactured products, as wholesale price rose 0.27% year-on-year, compared with a 0.73% gain in December. The latest figures were also slower than economists' expectation of a 0.53% rise, according to a Reuters poll. India's industrial output rose at a faster-than-expected pace of 3.8% year-on-year in December, on the back of a pickup in manufacturing activity as manufacturing output in December rose 3.9% year-on-year, against 3.6% in the same month in the previous year and against economists polled by Reuters had estimated growth of 2.4%. In November, too, it rose 2.4%. . Industrial output in the first nine months of the fiscal year that started in April was up 6.1% from the same period a year earlier. India's retail inflation rate touched a three-month low of 5.10% in January as prices of some food items rose more slowly, as annual retail inflation eased in January from 5.69% in December, government data showed, and was in line with a 5.09% forecast by a Reuters poll of 44 economists.

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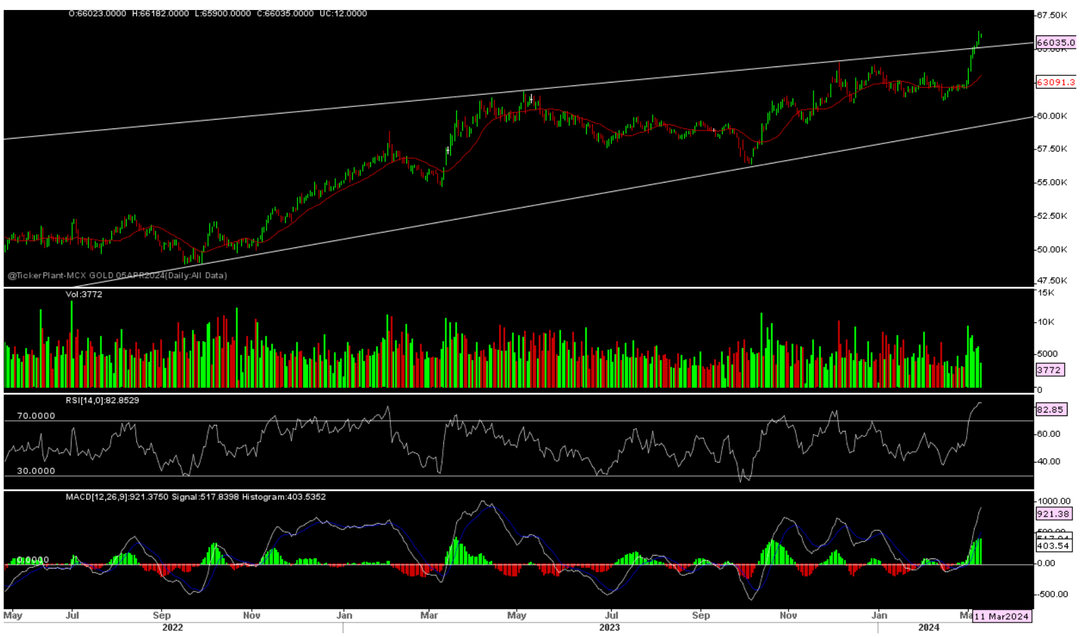
The central bank forecasts retail inflation at an average of 5.4% in the current fiscal year ending in March, and at 4.5% for the next fiscal year.

Going ahead, Gold likely to continue its northward journey with record high prices on sight in 2024, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market. To makes bullion attractive assets class, we need to see stronger demand from investors, such as a pickup in ETF inflows, continue central banks buying and for all that weaker U.S. economic data and lower inflation is needed, so that the Fed sounds more dovish.

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

In COMEX GOLD is trading at $2170

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	2130	2080	2200	2240
MCX (Rs.)	65100	64100	66400	67200

Mcx Trend seen Bullish as long S2 hold, while Sustain close above R1 seen prices towards 67000-67400.

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SILVER

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	23.40	21.80	25.90	27.0
MCX (Rs.)	73500	72800	75300	77200

MCX trend seen Bullish as long hold S1, While Sustain above 75000 seen towards R2 - 79000.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register 2nd consecutive monthly gain in Feb due to supply disturbance after ongoing geopolitical crisis added by production cut announce by OPEC+ which fuel rally for crude oil added by fall in dollar index and despite weak demand expectations from China and record production at US. Benchmark Brent crude rally almost 2% and WTI by 3% during the month Feb.

In its latest OPEC+ meet, members led by Saudi Arabia and Russia agreed on 3-3 to extend voluntary oil output cuts of 2.2 million barrels per day into the second quarter, giving extra support to the market amid concerns over global growth and rising output outside the group. Saudi Arabia, the de facto leader of the OPEC, said it would extend its voluntary cut of 1 million barrels per day (bpd) through the end of June, leaving its output at around 9 million bpd. Russia, which leads OPEC allies collectively known as OPEC+, will cut oil production and exports by an extra 471,000 bpd in the second quarter. Russian Deputy Prime Minister Alexander Novak gave new figures showing that cuts from production will make up a rising proportion of the measure. For the second quarter, Iraq will extend its 220,000 bpd output cut, UAE will keep in place its 163,000 bpd output cut and Kuwait will maintain its 135,000 bpd output cut, the three OPEC producers said in separate statements. Algeria also said it would cut by 51,000 bpd and Oman by 42,000 bpd. Kazakhstan said it will extend its voluntary cuts of 82,000 bpd through the second quarter.

OPEC+ has implemented a series of output cuts since late 2022 to support the market amid rising output from the United States and other non-member producers and worries over demand as major economies grapple with high interest rates. The total OPEC+ pledged cuts since 2022 stand at about 5.86 million bpd, equal to about 5.7% of daily world demand, according to Reuters calculations.

China's imports of crude oil rose in the first two months of the year compared with the same period in 2023, but they were also weaker than the preceding months, continuing a trend of softening purchases by the world's biggest buyer. Official customs data showed crude imports of 88.31 million metric tons in the January-February period, up 5.1% from the same period in 2023. However, on a barrels per day (bpd) basis, the increase was only 3.3%, given the extra day this year in February for the quadrennial leap year. Imports were 10.74 million bpd in the first two months, which were also down from the 11.39 million bpd in December, slightly better than November's 10.34 million bpd, and below the 11.53 million bpd in October.

China's Crude oil imports were 11.73 million barrels per day (bpd) in February, up from 11.31 million bpd in January, according to LSEG data. Over the first two months of the year, LSEG estimates China's oil arrivals at 11.51 million bpd, which is 1.07 million bpd higher than the 10.44 million bpd official customs figure from January and February last year. China's imports of LNG were 5.7 million metric tons in February, down from January's 7.82 million, according to Kpler. However, the combined 13.52 million tons for the first two months of this year was 22.5% above the 11.04 million tons for the same period last year.

Russia ordered a 6-month ban on gasoline exports from March 1 to keep prices stable amid rising demand from consumers and farmers and to allow for maintenance of refineries in the world's second largest oil exporter. Domestic gasoline prices are sensitive for motorists and farmers in the world's biggest wheat exporter ahead of a March 15-17 presidential election, while some Russian refineries have been hit by Ukrainian drone attacks in recent months. Exports of oil, oil products and gas are by far Russia's biggest export, a major source of foreign currency revenue for Russia's $1.9 trillion economy, and ensure that Moscow has a place at the top table of global energy politics. Russia is already voluntarily cutting its oil and fuel exports by 500,000 barrels per day in the first quarter as part of OPEC+ efforts to support prices. Russia in 2023 produced 43.9 million tons of gasoline and exported about 5.76 million tons, or around 13% of its production. The biggest importers of Russian gasoline are mainly African counties, including Nigeria, Libya, Tunisia and also United Arab Emirates. Last year, Russia banned gasoline exports between September and November in order to tackle high domestic prices and shortages.

The Biden administration is slowly replenishing the Strategic Petroleum Reserve, after selling a record amount of oil from the stockpile in 2022 in an effort to control gasoline prices after Russia's invasion of Ukraine. The Department of Energy, or DOE, said it is seeking to buy another three million barrels of domestically-produced crude oil for the SPR, in its latest push to buy small amounts for the stockpile. The oil is slated to be delivered to the SPR in August.

OPEC in its latest monthly report, stuck to its forecast for relatively strong growth in global oil demand in 2024 and 2025 and raised its economic growth forecasts for both years saying there was further upside potential. Report said world oil demand will rise by 2.25 million barrels per day (bpd) in 2024 and by 1.85 million bpd in 2025. Both forecasts were unchanged from last month. A rise in prices last month stemmed from a range of factors including easing speculative selling pressure, supply disruptions, stronger-than-expected macroeconomic data and signs of robust oil market fundamentals, OPEC said. OPEC now sees world economic growth of 2.7% this year and 2.9% in 2025, supported by the expectation of a continued easing in general inflation throughout this year and next. The OPEC report said that OPEC oil production fell by 350,000 bpd to 26.34 million bpd in January as the latest round of voluntary output cuts took effect.

The IEA, which represents industrialised countries, said in its monthly report, Global oil demand growth is losing momentum and it trimmed its 2024 growth forecast as it predicted that oil demand will peak by 2030 as the world shifts to cleaner energy. OPEC, meanwhile, expects oil use to keep rising for the next two decades. It expects global oil demand to grow by 1.22 million barrels per day (bpd) this year, slightly down from last month's estimate. In the IEA's view, the deceleration this year - about half of the growth in 2023 - is linked to a slowdown in Chinese consumption. The IEA had previously forecast 2024 demand growth of 1.24 million bpd. On the supply side, IEA raised its projection for 2024, estimating supply will grow by 1.7 million bpd versus its previous forecast of 1.5 million bpd. The IEA now expects supply to grow to a record high of about 103.8 million bpd, almost entirely driven by producers outside OPEC+, including the United States, Brazil and Guyana. OPEC+ crude oil output from all 22 member countries fell by 330,000 bpd to 41.52 million bpd in January, the IEA said, after protests shut in Libyan production and some of the bloc's members deepened output cuts – though not by as much as pledged. The IEA sees demand for OPEC+ crude plus inventories averaging 41.2 million bpd in the first quarter – less than January's output - before rising to 41.5 million bpd in the second quarter.

OPEC is set to win a bigger share of India's oil imports in coming decades due to the proximity of its supplies, the producer group's head told Reuters, after its dominance was recently eroded by competition from discounted Russian oil. The share of oil from the OPEC imported by India declined from about 65% in 2022 to 50% last year, according to industry data, after New Delhi became the biggest buyer of seaborne Russian crude in the aftermath of Moscow's invasion of Ukraine. OPEC supplied 54% of India's imported oil in January, according to industry sources. India plans to expand refining capacity to 9 million barrels per day (bpd) by 2030, from 5.02 million bpd currently. India, the world's third-biggest oil importer and consumer, is forecast by the International Energy Agency to be the world's biggest oil demand growth driver through 2030. OPEC expects Indian demand to more than double by 2045 to 11.7 million bpd.

In its latest weekly inventory data from the U.S. EIA shows, crude oil stockpiles last week of Feb month rose less than expected as refining rates picked up sharply, but fuel inventories slumped more than forecast, data from Energy Information Administration

(EIA) showed. Crude inventories rose for a sixth week in a row, building by 1.4 million barrels to 448.5 million barrels in the week ended March 1, the EIA said. Analysts had forecast in a Reuters poll a 2.1 million-barrel rise. Refinery crude runs rose by 594,000 barrels per day (bpd) to 15.3 million bpd. Refinery utilization rates jumped by 3.4 percentage points to 84.9% of total capacity, the highest in six weeks, the data showed. Gasoline stocks fell by 4.5 million barrels in the week to 239.7 million barrels, the EIA said, compared with expectations for a 1.6 million-barrel draw. Distillate stockpiles, which include diesel and heating oil, fell by 4.1 million barrels in the week to 117 million barrels, versus expectations for a 665,000 barrel drop, the EIA data showed.

U.S. production of oil and gas set new seasonal records in December, capping off an unprecedented year, according to data published by the U.S. EIA. Production continued to climb even as prices slumped from the very high levels seen in mid-2022 after Russia's invasion of Ukraine, contributing to the accumulation of inventories. On the oil side, total production of crude and condensates increased to 413 million barrels in December from 376 million in the final month of 2022. Production was running at 13.3 million barrels per day (b/d) in December, an increase of 1.2 million b/d (10%) from a year earlier. For the year as a whole, however, output increased to 4,721 million barrels in 2023, up from 4,347 million in 2022, and had double

U.S. oil output from top shale-producing regions will rise in March to its highest in four months, the U.S. EIA said in its monthly Drilling Productivity Report. Production from the top basins will rise by nearly 20,000 barrels per day (bpd) to 9.7 million bpd, its highest since December, the EIA said. Total natural gas output in the big shale basins will ease to a two-month low of 100.4 billion cubic feet per day (bcfd) in March from 100.5 bcfd in February, the EIA projected. That compares with a monthly record gas output high of 101.4 bcfd in the big shale basins in November 2023. The EIA said producers drilled just 850 oil and gas wells in January, the least since February 2022, and completed just 863, which was also the least since February 2022.ed since 2012.

European imports of U.S. diesel fell by almost half in Feb month to 6.65 million barrels, down from 11.44 million barrels in January, which marked the highest level since August 2017, according to analysis by ship tracking firm Kpler. However U.S. refiners are expected to increase available refining capacity by 431,000 bpd for the week ending Feb. 23, cutting offline capacity to 1.8 million bpd, research company IIR Energy said.

Gas inventories across the European Union and the United Kingdom stood at 771 terawatt-hours (TWh) on Feb. 10, according to data compiled by Gas Infrastructure Europe (GIE). Inventories were 238 TWh (+45% or +1.95 standard deviations) above the prior 10-year seasonal average and the surplus had swelled from 167 TWh (+18% or +1.70 standard deviations) at the start of October. As a result, storage facilities were still 67% full compared with a ten-year seasonal average of 49%. Based on the behavior of inventories over the last 10 years, stocks are on course to end winter 2023/24 at 628 TWh, which would be the second highest on record after 629 TWh at the end of winter 2022/23.

Inflation-adjusted U.S. gas prices have fallen to the lowest level for over 30 years as a mild winter and continued production growth leave the market carrying a growing surplus of inventories.

Global energy-related emissions of carbon dioxide (CO2) hit a record high last year, driven partly by increased fossil fuel use in countries where droughts hampered hydropower production, IEA said. Global emissions from energy rose by 410 million tonnes, or 1.1%, in 2023 to 37.4 billion tonnes, the IEA analysis showed.

India, the world's third-biggest oil importer and consumer, fuel consumption rose 5.7% year-on-year in February, government data showed, helped by strong factory activity. Total consumption, a proxy for oil demand, totalled 19.72 million metric tons (4.98 million barrels per day) in February, up from 18.66 million tons last year, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed. Demand was up about 5.1% on a daily basis from the 4.74 mbpd (20.04 million metric tons) consumed in January. Sales of diesel, mainly used by trucks and commercially run passenger vehicles, rose by 6.2% year-on-year to 7.44 million tons in February. They were up about 6.8% month-on-month to 1.88 mbpd on a per-day basis.

Indian automakers continued to report a steady rise in sales in February, helped by demand for two-wheelers and utility vehicles, monthly sales data from companies showed.

The Indian government hiked its windfall tax on petroleum crude to 4,600 rupees ($55.51) a metric ton from 3,300 rupees with effect from March 1, according to a government order. India also cut the windfall tax on diesel to zero from 1.50 per litre effective March 1, the order showed. The tax on petrol and aviation turbine fuel will continue to be nil.

Global consumption of petroleum and other liquids hit a record high last year and are forecast to increase further in both 2024 and 2025, as worldwide consumption averaged 101.1 million barrels per day (b/d) in 2023, narrowly beating the pre-pandemic record of 101.0 million b/d in 2019, according to the U.S. Energy Information Administration (EIA). Consumption is forecast to rise to an average of 102.5 million b/d in 2024 and 103.7 million b/d in 2025, the agency said, giving its first forecast for next year. But consumption has trended upwards for more than a century, establishing a new high most years, including in 29 of the 41 years between 1980 and 2021.

Going ahead, Prices likely to be trade between weak global growth to cap demand against ongoing geopolitical tensions could provide support to prices. Other side, OPEC+, will be able to commit to the supply cuts they have pledged to prop up prices.

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Technical Outlook:-

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	**S1**	**S2**	**R1**	**R2**
NYMEX/DG CX ($)	75.50	71.0	81.0	85.0
MCX (Rs.)	6425	6275	6700	7000

MCX trend seen Bullish as long hold S1, While Sustain Close above 6700 seen towards 6900-R2.

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Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	136	128	154	166

MCX trend seen Bearish as long hold R1, While Sustain Close below 136 seen towards 130-127 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex register 2nd consecutive monthly fall in Feb by almost 3% due to weak economic numbers from top consumer China as well from other western countries which concern demand for base metals added by gain in dollar index makes base metals complex fall as pressure mounted after FED expected to hold rate for longer than expected earlier. Benchmark Copper fall marginally after last 3-months of gain by 0.5% while Zinc and Aluminum and Lead down more than 4%, 2% and 2.5% each in domestic future exchanges for Feb month.

China world's second-biggest economy, consumer prices rose for the first time in six months due to spending linked to the Lunar New Year, while factory-gate prices fell again. The CPI climbed 0.7% year-on-year in February, beating the 0.3% gain forecast by economists in a Reuters poll. The year-on-year growth in consumer prices was also the highest in 11 months, according to the NBS data. The bounce into positive territory contrasted with the 0.8% fall in January, the steepest drop in over 14 years, due to a higher statistical base in January 2023 as the Lunar New Year arrived earlier that month and boosted spending. The risk of deflation due to continued weak demand remains one of the main drags on China's overall growth.

China world largest Metals Consumer, announced an ambitious 2024 economic growth target of around 5%, same as last year and promising steps to transform the country's development model and defuse risks fuelled by bankrupt property developers and indebted cities. In setting a growth target similar to last year, which will be harder to reach as a post-COVID recovery is losing steam, Beijing signals it is prioritising growth over any reforms. China started the year with a stock market rout and deflation at levels unseen since the global financial crisis of 2008-09. The property crisis and local government debt woes persisted, increasing pressure on China's leaders to come up with new economic policies. The International Monetary Fund projects China's 2024 growth at 4.6%, declining towards 3.5% in 2028. China plans to run a budget deficit of 3% of economic output, down from a revised 3.8% last year. Crucially, it plans to issue 1 trillion yuan ($139 billion) in special ultra-long term treasury bonds, which are not included in the budget. China also set the consumer inflation target at 3% and aims to create over 12 million urban jobs this year, keeping the jobless rate at around 5.5%.

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China's manufacturing activity in February shrank for a fifth straight month, as the official manufacturing PMI, compiled by the National Bureau of Statistics (NBS), fell to 49.1 in February from 49.2 in January with a sizeable drop in the output component. It was below the 50-mark separating growth from contraction and in line with a median forecast of 49.1 in a Reuters poll. With the exception of September last year, China's official manufacturing PMI has remained in contraction since March 2023. However, a survey by the Caixin/S&P Global released just after the official PMI showed manufacturing activity expanded steadily as both production and new orders grew faster.

China announced its biggest ever reduction in the benchmark mortgage rate, as authorities sought to prop up the struggling property market and broader economy. China announced its biggest ever reduction in the benchmark mortgage rate on Tuesday, as authorities sought to prop up the struggling property market and broader economy. The 25-basis point cut to the five-year loan prime rate (LPR) was the largest since the reference rate was introduced in 2019 and far more than analysts had expected. The five-year loan prime rate (LPR) was lowered by 25 basis points to 3.95% from 4.20% previously, while the one-year LPR was left unchanged at 3.45%. Most new and outstanding loans in China are based on the one-year LPR, while the five-year rate influences the pricing of mortgages. China last trimmed the five-year LPR in June 2023 by 10 basis points.

As the world races towards cleaner energy, demand for copper - used as a conductor in everything from wind farms to solar panels - is skyrocketing. The average electric car uses four times as much copper wiring as an internal combustion car.

Going ahead, weak economic numbers, demand concern from top consuming countries weigh on process for short term while FED rate cut expectation which might revive demand for base metals and any fall in dollar index will support base metals at every dip.

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Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

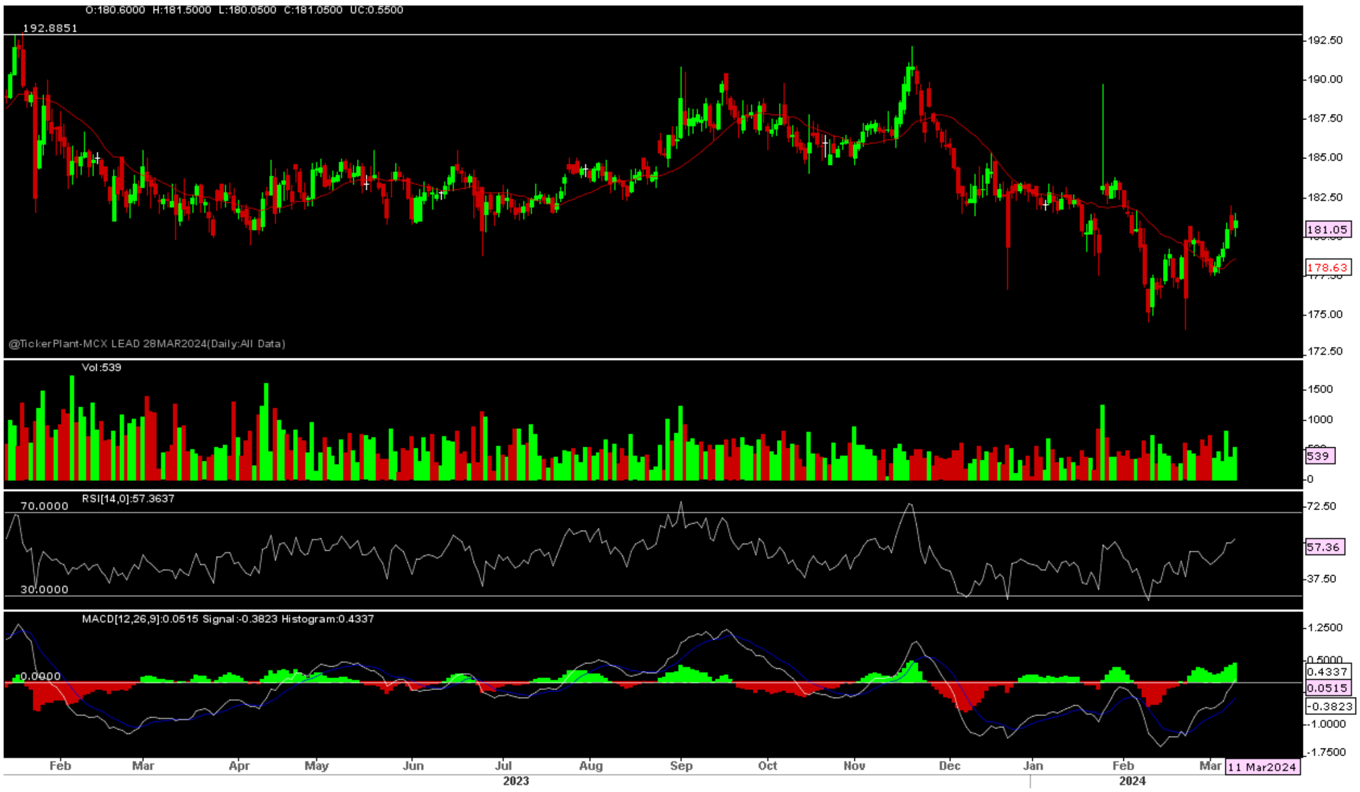
Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	735	722	755	770

MCX trend seen Bullish as long hold S1, While Sustain above 755 seen towards 767-770 belt.

LEAD:

Technical Outlook:



Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	180.0	177	182	187

MCX trend seen bullish as long hold S1 while Sustain Close above 182 seen 187-188 belt.

ZINC

TECHNICAL OUTLOOK:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	219.0	211	226	232

MCX trend seen bullish as long hold S1, While Sustain above 226 seen again towards 230-R2.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

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BONANZA RESEARCH TEAM

Technical Research Analyst

Vibhu Ratandhara

BONANZA COMMODITY BROKERS PVT. LTD.

DATE-March 11th, 2024

Disclosure:

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