MONTHLY BULLETIN (RESEARCH) Date 12th May 2024

GOLD

Market Outlook and Fundamental Analysis:

Bullion Index register 2nd consecutive monthly gain after 3-months of fall in April by more than 4% in expectations that US FED likely to cut interest rates in second half and total 45 basis point cut expected during calendar year which pressure dollar index as well US treasury yield and support bullion to rally higher added by ongoing geopolitical tension and consistent central banks buying spree also support bullion at every correction. 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 April Gold in domestic future exchange rally more than Rs. 2600/10 gm to end 3.5% gain while Silver outperform gold and rally by almost 8% during April.

US Nonfarm payrolls, a gaunge to interest rates decision shows, U.S. job growth slowed more than expected in April and the increase in annual wages fell below 4.0% for the first time in nearly three years, but it is probably too early to expect that the Federal Reserve will start cutting interest rates before September as the labor market remains fairly tight. Nonfarm payrolls increased by 175,000 jobs last month, the fewest in 6-months against Economists polled by Reuters had forecast payrolls advancing by 243,000 and Revisions showed 22,000 fewer jobs created in February and March than previously reported. The unemployment rate rising to 3.9% from 3.8% in March amid rising labor supply. Nonetheless, the jobless rate remained below 4% for the 27th straight month. April's employment gains were below the 242,000 monthly averages for the past year. Average hourly earnings rose 0.2% after climbing 0.3% in March. Wages increased 3.9% in the 12 months through April. That was the smallest gain and first reading below 4.0% since June 2021 and followed a 4.1% rise in March.

In its latest policy meet, The U.S. Federal Reserve held interest rates steady and signaled it is still leaning towards eventual reductions in borrowing costs, but put a red flag on recent disappointing inflation readings that could make those rate cuts a while in coming. Indeed, Fed Chair Jerome Powell said that after starting 2024 with three months of faster-than-expected price increases, it "will take longer than previously expected" for policymakers to become comfortable that inflation will resume the decline towards 2% that had cheered them through much of last year. He set the stage for a potentially extended hold of the benchmark policy rate in the 5.25%-5.50% range that has been in place since July. Despite the uncertainty of the current economic moment, Powell's characterization of rate hikes as "unlikely" cheered investors concerned about a newly hawkish Fed chief.

The U.S. central bank also announced it will scale back the pace at which it is shrinking its balance sheet starting on June 1, allowing only $25 billion in Treasury bonds to run off each month versus the current $60 billion. Mortgage-backed securities will continue to run off by up to $35 billion monthly. The step is meant to ensure the financial system does not run short of reserves, as happened in 2019 during the Fed's last round of "quantitative tightening."

Fed Chair Jerome Powell told reporters that progress lowering inflation had stalled. Powell described the labor market as having remained "relatively tight," but also noted that "supply and demand conditions have come into better balance." He pushed back against chatter of stagflation and the central bank needing to raise rates again. Since March 2022, the Fed has hiked its policy rate by 525 basis points.

The BoE its Monetary Policy Committee voted 7-2 to keep rates at a 16-year high of 5.25% and took another step towards lowering interest rates, as a second official backed a cut and Governor Andrew Bailey said he was "optimistic that things are moving in the right direction". The MPC has now kept rates on hold at six meetings in a row but it hinted that a first cut since March 2020 at the onset of the COVID-19 pandemic could come as soon as it’s next meeting in June. Over a nearly two-year period from late 2021, the BoE - like other central banks - pushed up borrowing costs to tackle a surge in inflation which peaked at 11.1% in October 2022.

Australia's central bank chief said on Tuesday interest rates were at the right level after holding steady for a sixth month, but cautioned that inflation risks were on the upside in a sign policy was unlikely to be eased anytime soon. Wrapping up its two-day May policy meeting, the Reserve Bank of Australia (RBA) kept rates at a 12-year high of 4.35%.

U.S. consumer sentiment sagged to a six-month low in May amid growing anxiety about inflation, unemployment and interest rates, as the UoM preliminary reading on the overall index of consumer sentiment came in at 67.4 this month, compared to a final reading of 77.2 in April and against economists polled by Reuters had forecast of 76.0. The survey's reading of one-year inflation expectations rose to 3.5% in May from 3.2% in April. Its five-year inflation outlook increased to 3.1% from 3.0% in the prior month.

The U.S. services sector contracted in March, while a measure of prices paid by businesses for inputs jumped, a worrisome sign for the outlook on inflation. The ISM said that its non-manufacturing PMI fell to 49.4 last month from 51.4 in March, the lowest reading since December 2022 and against economists polled by Reuters had forecast the index edging up to 52.0 in April.

The number of Americans filing new claims for unemployment benefits held steady at a low level last week of April, Initial claims for state unemployment benefits were unchanged at a seasonally adjusted 208,000 for the week ended April 27 against economists polled by Reuters had forecast 212,000 claims in the latest week. Claims have been bouncing around in a 194,000-225,000 range this year. The number of people receiving benefits after an initial week of aid, a proxy for hiring, was also unchanged at a seasonally adjusted 1.774 million during the week ending April 20, the claims report showed.

U.S. consumer confidence deteriorated in April, falling to its lowest level in more than 1-1/2 years amid worries about the labor market and income, a survey showed. The Conference Board said that its consumer confidence index fell to 97.0 in April month, the lowest level since July 2022, from a downwardly revised 103.1 in March against economists polled by Reuters had forecast the index little changed at 104.0 from the previously reported 104.7.

U.S. monthly inflation rose moderately in March, as PCE price index increased 0.3% last month, matching the unrevised gain in February. In the 12 months through March, inflation rose 2.7% after advancing 2.5% in February. The increase in inflation last month was broadly in line with economists' expectations. The PCE price index is one of the inflation measures tracked by the U.S. central bank for its 2% target. Monthly inflation readings of 0.2% over time are necessary to bring inflation back to target.

The U.S. economy grew at its slowest pace in nearly two years as a jump in imports to meet still-strong consumer spending widened the trade deficit, as GDP increased at a 1.6% annualized rate last quarter and growth was largely supported by consumer spending. Economists polled by Reuters had forecast GDP rising at a 2.4% rate. The economy grew at a 3.4% rate in the fourth quarter. The first quarter growth's pace was below what U.S. central bank officials regard as the non-inflationary growth rate of 1.8%. Inflation surged, with the personal consumption expenditures (PCE) price index excluding food and energy increasing at a 3.7% rate after rising at 2.0% pace in the fourth quarter. Consumer spending grew at a still-solid 2.5% rate, slowing from the 3.3% growth pace rate notched in the fourth quarter.

U.S. business activity cooled in April to a four-month low due to weaker demand, while rates of inflation eased slightly even as input prices rose sharply, as S&P Global flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, fell to 50.9 this month from 52.1 in March. A reading above 50 indicates expansion in the private sector. The S&P Global survey's measure of new orders received by private businesses dropped to 48.4 from 51.7 in March, the first decline in six months, while its measure of prices paid for inputs declined to 56.5, off the six-month high of 58.7 reached in March but still a solid rate. US Manufacturing entered contraction territory, with the survey's flash manufacturing PMI slipping to 49.9 this month from 51.9 in March. The survey's flash services sector PMI dipped to 50.9 in April from 51.7 in the prior month.

Separately, the global economy is set for another year of slow but steady growth, the IMF said, with U.S. strength pushing world output through headwinds from lingering high inflation, weak demand in China and Europe, and spillovers from two regional wars. The IMF forecast global real GDP growth of 3.2% for 2024 and 2025 - the same rate as in 2023. The 2024 forecast was revised upward by 0.1 percentage point from the previous World Economic Outlook's estimate in January, largely due to a significant upward revision in the U.S. outlook. The IMF forecast 2024 U.S. growth of 2.7% compared to the 2.1% projected in January, on stronger-than-expected employment and consumer spending at the end of 2023 and into 2024. The IMF left unchanged its forecast for China's 2024 growth to fall to 4.6% from 5.2% in 2023, with a further drop to 4.1% for 2025. In one of the biggest surprises, Russia's 2024 growth forecast was increased to 3.2% from the 2.6% projected in January and also upgraded Russia's 2025 growth forecast to 1.8% from 1.1% in January.

The yen jumped against the dollar to a low of 154.40 yen from as high as 160.245 earlier in the day. It was last trading around 156.80 yen. Banking sources said Japanese banks were seen selling dollars for yen.

Developing Asia's growth this year is expected to be slightly stronger than previously forecast as healthy domestic demand in many economies offsets the property-driven slowdown in China, the Asian Development Bank (ADB) said. The ADB nudged up its 2024 growth forecast for Developing Asia to 4.9% from 4.8% projected in December, but warned of persistent challenges such as rising geopolitical tensions, including in the Middle East, that could disrupt supply chains and reignite inflation.

U.S. producer prices increased moderately in March as a rise in the cost of services was softened by a fall in goods prices, as the PPI for final demand rose 0.2% last month after increasing by an unrevised 0.6% in February against Economists polled by Reuters had forecast the PPI would gain 0.3%. In the 12 months through March, the PPI advanced 2.1% after rising 1.6% in February. U.S. consumer prices increased more than expected in March as Americans paid more for gasoline and rental housing, as the CPI rose 0.4% in March month after advancing by the same margin in February and the unemployment rate slipping to 3.8% from 3.9% in February. In the 12 months through March, the CPI increased 3.5%, the most since September, also as last year's low reading dropped out of the calculation. That followed a 3.2% rise in February. The Fed has a 2% inflation target. The measures it tracks for monetary policy are running considerably below the CPI rate. Economists polled by Reuters had forecast the CPI gaining 0.3% on the month and advancing 3.4% on a year-on-year basis.

On data side, British services companies reported the strongest upswing in activity in almost a year during April, despite a new surge in cost pressures, as The S&P Global UK Services Purchasing Managers' Index rose in April to 55.0, its highest level since May 2023 and up from a preliminary reading of 54.9. Readings above 50 represent expansion. U.S.

labor costs increased more than expected in the first quarter amid a rise in wages and benefits, as the Employment Cost Index (ECI), the broadest measure of labor costs, increased 1.2% last quarter after rising by an unrevised 0.9% in the fourth quarter. US Business inventories increased at a $35.4 billion rate after rising at a $54.9 billion pace in the fourth quarter. Inventories subtracted 0.35 percentage point from GDP growth. The trade deficit chopped off 0.86 percentage point from GDP growth. Excluding inventories, government spending and trade, the economy grew at a 3.1% rate after expanding at a 3.3% rate in the fourth quarter. Britain's labour market lost a bit more of its inflationary heat, as unemployment rate rose by more than expected to 4.2% from 3.9%. U.S. retail sales increased more than expected in March amid a surge in receipts at online retailers, as Retail sales rose 0.7% last month and data for February was revised higher to show sales rebounding 0.9% instead of the previously reported 0.6% and against Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, would rise 0.3% in March. Sales jumped 4.0% on a year-on-year basis in March. Britain's tepid economy is on course to exit a shallow recession after output grew for a second month in a row in February, and January's reading was revised higher. Gross domestic product expanded by 0.1% in monthly terms in February, as expected by Reuters. January's reading was revised to show growth of 0.3%, up from 0.2% earlier, the Office for National Statistics (ONS) said.

India is the world's second biggest consumer of gold, demand for gold in the March quarter rose 8% from a year ago, but recent rallies in prices of the precious metal could cut its total consumption in 2024 to the lowest in four years, the World Gold Council (WGC) said. Demand for gold from India could stand between 700 metric tons and 800 metric tons in 2024, with the figure falling near the lower end of the range if prices continue to rally, Sachin Jain, CEO of WGC's Indian operations, told Reuters. India's gold consumption fell 1.7% in 2023 from a year earlier to 761 tons. Indian gold consumption in the Jan-March quarter rose 8% to 136.6 tons, as investment demand jumped 19% and jewellery demand rose 4% in the quarter, the WGC said. In the March quarter, scrap supplies jumped 10% from a year ago to 38.3 tons, the second highest on the record.

India's business activity expanded at its fastest pace in nearly 14 years this month thanks to robust demand, as HSBC's flash India Composite PMI, compiled by S&P Global, rose to 62.2 this month from March's final reading of 61.8. The reading has been consistently above the 50-mark separating expansion from contraction since August 2021. The strong expansion was led by services activity, with the index rising to a 3-month high at 61.7 from March's 61.2, thanks to new business - a key gauge for demand - accelerating.

India's success in the disinflation process should not distract the central bank's MPC from the inflation trajectory's vulnerability to frequent supply-side shocks, Governor Shaktikanta Das wrote in the minutes of the April policy meeting. Earlier this month, the six-member rate-setting committee kept the at 6.5%, in line with expectations. It had raised the repo rate by a total of 250 basis points between May 2022 and February 2023.

On domestic Data update, India's industrial output in March rose a weaker than expected 4.9% year-on-year amid slower growth in mining activity against economists polled by Reuters had expected industrial output to rise 5.1%. Industrial output rose 1.9% in the same month a year ago. Industrial output growth for February was revised down to 5.6% from 5.7%. Growth in India's dominant services industry softened in April but remained sturdy on robust domestic and foreign demand, lifting business confidence to a three-month high, as The HSBC final India Services PMI, compiled by S&P Global, fell to 60.8 in April from 61.2 in March, confounding a preliminary estimate for a rise to 61.7. Despite the decline in the headline reading, the figure still marked one of the fastest growth rates in just under 14 years. Activity in the services sector has been above the 50-mark separating growth from contraction since August 2021. Growth in India's manufacturing sector slowed marginally in April but remained robust thanks to strong demand, prompting firms to ramp up purchases of raw materials at a near-record pace, a business survey showed. The HSBC final India Manufacturing PMI, compiled by S&P Global, dipped to 58.8 in April from a 16-year high of 59.1 in March, below a preliminary estimate for no change from the previous month. Despite softening, it was above its long-run average and in expansionary territory for a 34th month. The 50-mark separates growth from contraction. India's infrastructure output in March rose 5.2% year-on-year, compared with a revised 7.1% growth in February. Infrastructure output, which accounts for 40% of industrial production, measures activity in eight sectors, including refinery products and electricity. In the financial year ended March 31, infrastructure output was up 7.5% from the year-ago period.

India's wholesale price-based inflation in March rose 0.53%, its highest level in three months, mainly driven by food and primary articles, slightly outpaced the 0.51% rise expected by economists polled by Reuters and increased from a 0.20% year-on-year rise in February. For the fiscal year ended March 31 the wholesale inflation index fell 0.70% versus a 9.41% rise the previous year. India's annual retail inflation rate eased in March to a five-month low helped by a drop in fuel prices. Annual retail inflation in March was 4.85%, lower than 5.09% in February, and below the 4.91% forecast by a Reuters. Core inflation, which strips out volatile food and energy prices, was estimated at 3.3%-3.4% in March, compared with 3.3%-3.37% in February, according to economists.

India's improving trade deficit, inflows into bonds and reduced pressure on the rupee in the offshore market has lowered the need for the Reserve Bank of India (RBI) to intervene aggressively in the foreign exchange market. The RBI's interventions eased significantly earlier this year, with the RBI buying $8.5 billion in February and not making any sales, its latest monthly bulletin showed. Its gross FX intervention in February was the lowest in six months and about an eighth of the average monthly intervention during October-December.

India's merchandise exports fell for the first time in four years in 2023/24, hit by factors including geopolitical tensions and export curbs on foodstuffs such as rice to curb domestic inflation. India's goods exports in the fiscal year to March 31 fell to $437 billion, compared with $451 billion in the previous year - the first yearly decline since 2020/21 when trade was affected by the COVID-19 pandemic. The country's imports also fell about 5% year-on-year to $677 billion, due to lower shipments of fertilisers, cotton and vegetable oil. India's overall deficit in merchandise trade stood at $240 billion as against a deficit of $265 billion a year ago. In the month of March, India's merchandise trade deficit fell to $15.6 billion, much lower than $18.55 billion economists were expecting and the lowest level in 11 months, due to low imports particularly of gold.

Foreign investors sold bonds worth 149.5 billion rupees ($1.79 billion) on a net basis in April, the highest in the four years, after net purchases of bonds worth 816 billion rupees between October and March. The recent sharp foreign investor selling in Indian government bonds in April, marking the highest monthly sales since the Covid-19 pandemic, a large part of these outflows have happened on the back of weakness in the local currency and a jump in U.S. yields as investors priced rate cut expectations.

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

MONTHLY BULLETIN (RESEARCH) Date 12th May 2024

In COMEX GOLD is trading at $2380

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	2330	2275	2400	2435
MCX (Rs.)	71700	70800	73300	74000

Mcx Trend seen Bullish as long 72300-S1 hold, while Sustain close above R2 seen prices towards 74900-75000.

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 ($)	27.90	26.0	30.0	32.0
MCX (Rs.)	84300	82300	87600	89000

MCX trend seen Bullish as long hold S1, While Sustain above 87600-87700 seen towards 89000 - 90000.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register 4th consecutive monthly gain in April due to supply disturbance after ongoing geopolitical tension added by production cut announce by OPEC+ which fuel rally for crude oil in expectations of imbalance in supply-demand scenario added by fall in dollar index support energy complex during the month of April. Benchmark Brent crude and WTI rally less than 1% and erase all its gains in last week of the month April.

OPEC and its allies have yet to begin formal talks on extending voluntary oil output cuts of 2.2 million barrels per day beyond June, but three sources from OPEC+ producers said they could keep their cuts if demand fails to pick up. OPEC+, which includes the Organization of the Petroleum Exporting Countries, Russia and other non-OPEC producers, next meets on June 1 in Vienna to set output policy. The OPEC+ group is currently cutting output by 5.86 million bpd, equal to about 5.7% of global demand. The cuts include 3.66 million bpd by OPEC+ members valid through to the end of 2024, and 2.2 million bpd of voluntary cuts by some members expiring at the end of June.

OPEC in its latest monthly report, OPEC predicted robust fuel use in the summer months and stuck to its forecast for relatively strong growth in global oil demand in 2024, highlighting an unusually large gap between predictions of oil demand strength. The Organization of the Petroleum Exporting Countries, in a monthly 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. Looking ahead to the summer, when fuel demand rises seasonally as people travel more, OPEC said global jet/kerosene fuel demand will rise by 600,000 bpd year on year in the second quarter, gasoline by

400,000 bpd and diesel by 200,000 bpd. OPEC sees world economic growth of 2.8% in 2024, steady from last month, and said the U.S. economy was set to give the traditional summer boost to fuel demand. OPEC believes oil use will keep rising for the next two decades and has not forecast a peak. The OPEC report said OPEC oil production was steady in March, rising by 3,000 bpd to 26.60 million bpd despite the new round of cuts, with modest increases in Iran and Saudi Arabia. Demand for OPEC crude this year is set to average 28.5 million bpd, the report said, up 100,000 bpd from the previous forecast and, in theory, giving the group room to pump more.

U.S. oil and gas production rebounded sharply in February after extensive disruption the previous month caused by freezing wells and other outages stemming from Winter Storm Heather in the middle of January. Nationwide crude and condensates output jumped by 0.6 million barrels per day (b/d) in February reversing a decline of 0.7 million b/d in January, according to data from the U.S. Energy Information Administration (EIA).

The IEA, which represents industrialised countries, said in its latest monthly report, according to a monthly update of EIA's Short-Term Energy Outlook (STEO), World oil demand this year is expected to grow less than earlier forecast and output should expand faster than previous estimates, resulting in a more balanced market. The agency hiked its production forecasts from regions outside the Organization of the Petroleum Exporting Countries, while also lowering its expectations of demand from developed economies. The EIA now expects global oil and liquid fuels consumption to grow by 920,000 barrels per day (bpd) this year to 102.84 million bpd, slightly smaller than the 950,000 bpd growth forecast in its April STEO. Total world crude oil and liquid fuels production was forecast to rise by 970,000 bpd to 102.76 million bpd this year, compared with its previous estimate of an 850,000-bpd increase. For the U.S., the world's top oil producer, the EIA lowered its production forecast for this year to 13.20 million bpd, still a record high but slightly below its previous forecast of 13.21 million bpd.

The International Energy Agency (IEA) trimmed its forecast for 2024 oil demand growth on Friday, citing lower than expected consumption in OECD countries and a slump in factory activity. The Paris-based energy watchdog lowered its growth outlook for this year by 130,000 barrels per day (bpd) to 1.2 million bpd, adding that the release of pent-up demand by top oil importer China after easing COVID-19 curbs had run its course. Demand growth in 2025 will edge down to 1.1 million bpd, the IEA added, with global GDP growth forecast to remain steady and electric vehicle expansion expected to gather pace, it said. The IEA noted that China's contribution to the global increase in oil demand is set to weaken from 79% in 2023 to 45% in 2024 and 27% next year. Growth in global supply, the IEA said, will hit 770,000 bpd to reach a total of 102.9 million barrels per day, led by countries outside the Organization of the Petroleum Exporting Countries and allies (OPEC+).

U.S. oil output from top shale-producing regions will rise in May to the highest level in five months, the U.S. Energy Information Administration (EIA) said in its monthly Drilling Productivity Report. Production from the top basins will climb by more than 16,000 barrels per day (bpd) to 9.86 million bpd, the strongest output since December, the EIA said. Total natural gas output in the big shale basins will ease to a four-month low of 99.9 billion cubic feet per day (bcfd) in May from 100.2 bcfd in April, the EIA projected. That compares with a monthly record gas output high of 102.3 bcfd in the big shale basins in December 2023.

China's imports from Russia, including supplies via pipelines and sea-borne shipments, jumped 12.5% on the year to 10.81 million metric tons, or 2.55 million barrels per day (bpd) last month, according to data from the General Administration of Customs. That was quite close to the previous monthly record of 2.56 million bpd in June 2023. Data from consultancy Kpler forecast sea-borne shipments from Russia hitting a record high of 1.82 million bpd, including 440,000 bpd of Sokol and 967,000 bpd of ESPO. Russia was China's top supplier throughout 2023, shipping 2.14 million bpd despite Western sanctions and a price cap following the Kremlin's 2022 invasion of Ukraine. Imports from Saudi Arabia, previously China's largest supplier, totalled 6.3 million tons in March, or 1.48 million bpd, down 29.3% on the same period last year.

China's imports of crude oil, which dropped to 10.88 million barrels per day (bpd)in April from March's 11.55 million bpd. April's arrivals were the weakest since January and imports over the first four months of the year are a mere 2.0% higher than for the same period last year. China's imports of natural gas, which includes both LNG and pipelines, rose 20.7% in the first four months of the year, with April imports of 10.3 million tons being slightly below March's 10.76 million, but well ahead of the 8.98 million from April last year.

China's exports of marine fuel oil fell 32% in March from a year earlier to 1.32 million metric tons, data from the General Administration of Customs showed. The March volume was 12% higher than the 1.17 million tons shipped out in February. Export volumes for bunkering in the first quarter totalled 4.16 million tons, 11.9% lower than the same period in 2023. Import volumes for March were at 1.98 million tons, down 19% from the same month last year. First quarter fuel oil imports totalled 5.57 million tons, climbing 3.3% compared to the first quarter in 2023.

China's industrial profits fell in March and slowed gains for the quarter compared to the first two months, raising doubts about the strength of a recovery for the world's second-biggest economy. Cumulative profits of China's industrial firms rose 4.3% to 1.5 trillion yuan ($207.0 billion) in the first quarter from a year earlier, slower than a 10.2% rise in the first two months.

Russia has been quietly shipping refined petroleum to North Korea at levels that appear to violate the mandates of the United Nations Security Council, a U.S. official said, adding the

U.S. is planning new sanctions in response. The official said that in March alone, Russia shipped more than 165 thousand barrels of refined petroleum to North Korea and that given the close proximity of Russian and North Korean commercial ports, Russia could sustain these shipments indefinitely.

Russia's oil and gas revenue in April will almost double year on year to $14 billion thanks to rising prices, Reuters calculations show, emphasising the difficulties Western nations face as they seek to limit Kremlin income and stifle its military might. Measures have also included restrictions on Russian oil purchases, financial operations and vessels, as well as a $60 a barrel price cap. Russia's Finance Ministry will publish the April data in early May.

Asia's imports of crude oil slipped slightly in April from March, as increased arrivals in China failed to offset lower purchases elsewhere in the world's top-importing region. April imports were 26.89 million barrels per day (bpd), down from 27.33 million bpd in March and roughly in line with February's 26.68 million bpd, according to data compiled by LSEG Oil Research. For the first four months of the year Asia's crude imports were about 27.03 million bpd, only 300,000 bpd higher than for the same period in 2023, the LSEG data showed.

India, the world's third-biggest oil importer and consumer, fuel consumption rose by 6.1% year-on-year in April, data from the Petroleum Planning and Analysis Cell of the oil ministry showed. India in April imported more Russian oil but less from Iraq and Saudi Arabia than it did a month earlier, preliminary data from trade flow tracking agencies Kpler and LSEG shows. Russia remained India's top oil supplier in April followed by Iraq and Saudi Arabia, the data showed. Russia became the top oil supplier to India during the fiscal year 2023/24 for a second year in a row, squeezing the market share of Middle Eastern and OPEC producers to historic lows, ship tracking data from industry sources showed. India imported 1.64 million bpd of Russian oil in fiscal 2023/2024, up about 57% from the previous year, the data shows.

India imported 232.5 million metric tonnes (MMT) of crude oil in the financial year 2023-24, compared with 232.7 MMT the prior fiscal year, provisional government data showed. The world's third-biggest oil importer and consumer spent $132.4 billion importing oil in fiscal year 2023-24, nearly 16% lower than the $157.5 billion spent in the year prior. India's fuel consumption fell 0.6% year-on-year in March, but demand for the 2024 financial year was up about 5%, primarily driven by higher automotive fuel and naphtha sales.

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.

MONTHLY BULLETIN (RESEARCH) Date 12th May 2024

<u>Technical Outlook</u>:-

<u>On the Daily Chart MCX:</u>

Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	**S1**	**S2**	**R1**	**R2**
NYMEX/DG CX ($)	76.50	71.50	80.0	84.50
MCX (Rs.)	6400	6200	6700	7050

MCX trend seen Bearish as long hold R1, While Sustain Close above 6700 seen towards 6900 - R2.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	192	178	215	225

MCX trend seen Bullish as long hold S1, While Sustain Close above 215 seen towards 225-228 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex registered one of the best month in domestic future exchange and second consecutive monthly gain by more than 14% rally in April thanks to supply concern for few of the metals added by demand optimism from top metal consumer China and after LME restrict few of the metals into warehouse stocks and lastly US FED expected to cut rate in second half makes base metals attractive at lower level. Benchmark Copper register straight 6th monthly gain by 15% while Zinc and Aluminum gain 18% and 14% against Lead rally 8% after last 4-streight months of fall in domestic future exchanges for the month April.

Over 17 million contracts traded on the London Metal Exchange (LME) in April, making it an all-time record month in outright volume terms. Expressed in average daily volumes, activity was the second highest on record after April 2018. That was the month the U.S. government announced import duties on aluminium, a shock to global trade patterns that generated a one-off volume spike on the LME aluminium contract. Nickel futures volumes were 1.34 million contracts last month, compared with a monthly average of 1.33 million over the course of 2021. Options volumes of 195,423 contracts were the highest monthly total since May 2014. Headline lead volumes grew by 52% year-on-year in January-April, zinc by 44%, tin by 42%, aluminium by 34% and copper by 24%.

The U.S. Treasury Department and the British government on Friday prohibited the 147-year old LME and the Chicago Mercantile Exchange (CME) from accepting new Russian production of aluminum, copper and nickel. The London Metal Exchange (LME) banned from its system Russian metal produced on or after April 13 to comply with new U.S. and UK sanctions imposed for Russia's invasion of Ukraine. The sanctions aim to restrict revenues for Russia from the export of metal produced by companies such as Rusal and Nornickel that help to fund its military operations in Ukraine. If an owner of Russian metal can provide evidence that it was produced before April 13, it can still be put on LME warrant - a title document conferring ownership, the LME said. The action does not block bilateral contracts between two companies, rather than via the LME, British officials said, speaking on condition of anonymity. The officials said continued trading of Russian metals off of the exchanges is expected to be at a discount and that it does not restrict supply.

China's imports of unwrought copper declined in April, dropping 7.6% from the prior month to 438,000 tons, according to official data released on May 9. Apart from February's soft imports, April's arrivals of copper were the weakest in a year.

China world's second-biggest economy, China's exports and imports returned to growth in April after contracting in the previous month, signalling an encouraging improvement in demand at home and overseas. Shipments from China grew 1.5% year-on-year last month by value, customs data showed, in line with the increase forecast in a Reuters poll. They fell 7.5% in March, which marked the first contraction since November. Imports for April increased 8.4%, beating an expected 4.8% rise and reversing a 1.9% fall in March. In the first quarter, both imports and exports rose 1.5% year-on-year, buoyed by better-than-expected trade data over the January-February period. China's trade surplus grew to $72.35 billion, compared with a forecast of $77.50 billion in the poll and $58.55 billion in March.

China's services activity expansion slowed a touch amid rising costs, but growth in new orders accelerated and business sentiment rose solidly as the Caixin/S&P Global services PMI eased to 52.5 from a 52.7 in March, remaining in expansionary territory for the 16th straight month. The 50-mark separates expansion from contraction.

China left benchmark lending rates unchanged at a monthly fixing, in line with market expectations. The one-year loan prime rate (LPR) was kept at 3.45%, while the five-year LPR was unchanged at 3.95%. Chinese banks extended 3.09 trillion yuan in new yuan loans in March, up from 1.45 trillion yuan in February but falling short of analyst expectations.

The US announced new sanctions on Iran targeting its unarmed aerial vehicle production after its attack on Israel, and U.S. President Joe Biden said G7 leaders were committed to acting together to increase economic pressure on Tehran. A U.S. Treasury Department statement said the U.S. measures targeted 16 individuals and two entities enabling Iran's UAV production, including engine types that power Iran's Shahed variant UAVs, which were used in the April 13 attack. The statement said the U.S. Commerce Department was also imposing new controls to restrict Iran's access to technologies, such as basic commercial grade microelectronics.

The International Copper Study Group (ICSG) has cut its forecast supply surplus for this year due to much lower-than-expected mine production. Copper bulls might take issue with the group's view the refined copper market will still be in oversupply this year and the next to the tune of 162,000 and 94,000 metric tons respectively. But when it last met in October, the ICSG's statistical committee was expecting a 467,000-ton glut of metal this year.

Chile's state-run copper miner Codelco is poised to improve production this year and begin to climb from its lowest dip in a quarter century, the head of Chilean copper studies center CESCO said ahead of a major industry conference. Codelco is aiming to produce between 1.325 million and 1.390 million metric tons of copper this year, a target that at best would see it lightly overtake its 2023 output of 1.325 million metric tons.

New home prices in China fell at their fastest pace in more than eight years in March as the debt woes of major property developers continued to drag on demand and the economic outlook. New home prices in March dropped 2.2% from a year earlier, marking the biggest decline since August 2015, and worse than a 1.4% fall in February, Prices fell 0.3% month-on-month, matching February's drop.

China's economy grew faster than expected in the first quarter, as GDP grew 5.3% in January-March from the year earlier, comfortably above a 4.6% analysts' forecast in a Reuters poll and up from the 5.2% expansion in the previous quarter. On a quarterly basis growth picked up to 1.6% from 1.4% in the previous three months. Disappointing factory output and retail sales, released alongside the GDP report, also underlined the persistent weakness in domestic demand. Industrial output in March grew 4.5% from a year earlier, below the 6.0% forecast and a gain of 7.0% for the January-February period. Retail sales rose 3.1% year-on-year in March, missing the 4.6% growth forecast and slowing from a 5.5% gain in the January-February period. Fixed asset investment grew an annual 4.5% over the first three months of 2024, versus expectations for a 4.1% rise. It expanded 4.2% in the January-February period.

Fitch cut its outlook on China's sovereign credit rating to negative, citing risks to public finances as the economy faces increasing uncertainty in its shift to new growth models. The outlook downgrade follows a similar move by Moody's in December and comes as Beijing ratchets up efforts to spur a feeble post-COVID recovery in the world's second-largest economy with fiscal and monetary support. Fitch expects China's explicit central and local government debt to rise to 61.3% of gross domestic product (GDP) in 2024 from 56.1% in 2023 - a clear deterioration from 38.5% in 2019. At the same time, the rating agency expects China's general government deficit - which covers infrastructure and other official fiscal activity outside the headline budget - to rise to 7.1% of GDP in 2024 from 5.8% in 2023, the highest since 8.6% in 2020. China's overall debt-to-GDP ratio climbed to a new record of 287.8% in 2023, 13.5 percentage points higher than a year earlier, according to a report by the National Institution for Finance and Development (FIND) in January.

China's exports contracted sharply in March while imports unexpectedly shrank, undershooting forecasts by big margins, as exports from China slumped 7.5% yoy last month by value, the biggest fall since August last year and compared with a 2.3% decline forecast in a Reuters poll. They had risen 7.1% in the January-February period. Imports for March also disappointed, declining 1.9% year-on-year after 3.5% growth in the first two months, missing an expected 1.4% rise. In the first quarter, both exports and imports rose 1.5% year-on-year. On the fiscal front, China plans to issue 1 trillion yuan ($138.18 billion) in special ultra-long term treasury bonds to support key areas. It also raised the 2024 special bond issuance quota for local governments.

Copper production in Chile rose 9.8% on an annual basis to 417,000 metric tons in February even as state-run Codelco's output dipped, the country's copper commission Cochilco said. Despite the overall rise, production at Chile's Codelco, the world's largest copper producer, dipped 1.6% to 103,700 tons.

Peru's copper production grew 12.7% in February to reach 216,752 metric tons, the country's energy and mining ministry said. Peru is one of the world's top producers of copper, and mining is a key driver of the Andean country's economy. In the year's first two months, Peru produced a total volume of 422,127 tons, 5.4% more compared to the same period last year. Mining Minister Romulo Mucho said last month he expects copper production to reach 3.0 million tons in 2024, up from 2.76 million tons last year.

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The share of available aluminium stocks of Russian origin in warehouses approved by the LME stood at 91% in March, while the proportion of copper stocks rose to 62% from 52% in February. Russian nickel in LME warehouses amounted to 36% of the total.

Russian aluminium giant Rusal said that new sanctions on Russian metals introduced by the United States and Britain will have no impact on its ability to supply aluminium to world markets.

Total aluminium stocks in London Metal Exchange-registered warehouses rose by 88% to 903,850 metric tons, their highest level since January 2022, daily LME data showed on 10-5.

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.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	875	843	905	920

MCX trend seen Bullish as long hold 880-S1, While Sustain above 902 & 905 seen towards 915-920 belt.

LEAD:

Technical Outlook:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	192	186	196	200

MCX trend seen Bullish as long hold S1 while Sustain Close above 196 seen 200-202 belt.

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ZINC

TECHNICAL OUTLOOK:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	255.0	241	268	275

MCX trend seen Bullish as long hold 259-S1, While Sustain above 264-268 seen again towards 275-278.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

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DATE-May 12th, 2024

Disclosure:

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