

**Russia-Ukraine Conflict update**

Russia has launched an all-out invasion of Ukraine by land, air and sea, the biggest attack by one state against another in Europe since World War II and confirmation of the worst fears of the West. The attacks began after Russian President Vladimir Putin said in a televised address that he had approved a "special military operation". The move came after Moscow earlier recognised rebel-held territories in Luhansk and Donetsk and said they had asked for its "help".

Macro highlights

- Fed chairperson testification: The US Fed will move forward with plans to raise rates this month to try to tame high inflation, but the war in Ukraine has made the outlook "highly uncertain" for U.S. policymakers as they plan ahead.
- US Manufacturing PMI at 58.6%; February 2022 Manufacturing ISM Report On Business
- US Jobless claims total 215,000, less than expected
- US Services PMI at 56.5%
- US February jobs rose a surprisingly strong 678,000, unemployment edged lower while wages were flat
Stands at 54.3 Points

MCX				
Commodity	Prev Close	Close	Change	% Change
Gold	50270	52549	2279	4.34%
Silver	64050	69173	5123	7.41%
Aluminium	270.30	308.30	38	12.33%
Copper	767.95	840.50	73	8.63%
Lead	185.75	189.40	4	1.93%
Nickel	1850.00	2234.00	384	17.19%
Zinc	301.00	335.50	35	10.28%
Crude Oil	6848	8605	1757	20.42%
Naturalgas	338.50	383.90	45	11.83%

Commodity	View	Rationale	MCX Levels
Gold	Mildly Bullish (Buy on Dips)	Intensifying ongoing war between Russia and Ukraine	R1- 52700;R2- 53500.S1- 51800;S2- 51000
Silver	Mildly Bullish	Intensifying Geopolitical tensions boosting safe haven demand	R1- 70000;R2- 72000.S1-67900;S2 -66000
Aluminum	Sideways to positive (Buy on Dips)	Russia-Ukraine conflict supportive	R1-312;R2-320.S1- 302;S2-290
Copper	Sideways to positive	Production disruption in major mine	R1-845;R2-855.S1- 818;S2-805
Lead	Sideways to positive	Surging energy prices globally	R1-195;R2-200- S1-182;S2-175
Nickel	Sideways to positive	Russia-Ukraine conflict supportive	R1-2250;R2-2300.S1- 2090;S2-2020
Zinc	Sideways to positive	Surging energy prices globally	R1-340;R2-350.S1- 325;S2-315
Crude Oil	Mildly Bullish	Tight supply concerns as Russia-Ukraine conflict	R1-8700;R2-8810.S1- 8150;S2-7900
Naturalgas	Mildly Bullish	Supply shortage to Europe from Russia	R1-385;R2-400.S1- 360;S2-330



BULLIONS

- Gold reacted sharply to changes in risk sentiment throughout the week and ended up registering its highest weekly close since November 2020, near \$1,950, with Russia showing no intention of de-escalating the conflict with Ukraine.
- Gold started the new week on a firm footing after the US, the EU, the UK, along with other western nations, decided to exclude some Russian financial institutions from the global payment system, SWIFT. Following Monday's talks, delegations from Russia and Ukraine announced that they agreed to meet again later in the week for the second round of "peace talks" and allowed investors to breathe a sigh of relief.
- On Wednesday, FOMC Chairman Jerome Powell's hawkish remarks triggered a sharp upsurge in the US Treasury bond yields, despite the risk-averse market environment, and forced gold to close the day in negative territory.

Outlook

There won't be any high-tier macroeconomic data releases coming from the US on Monday and Tuesday. Investors will remain focused on the Russia-Ukraine crisis, and the risk perception is likely to continue to impact gold's market valuation. In short, the yellow metal should continue to find demand as a traditional safe-haven next week unless investors see convincing signs of a de-escalation of the Russia-Ukraine conflict. If participants shift their focus to the Fed's policy outlook after the inflation data, gold's inverse correlation with the US T-bond yields could cap gold's upside.

CRUDE OIL

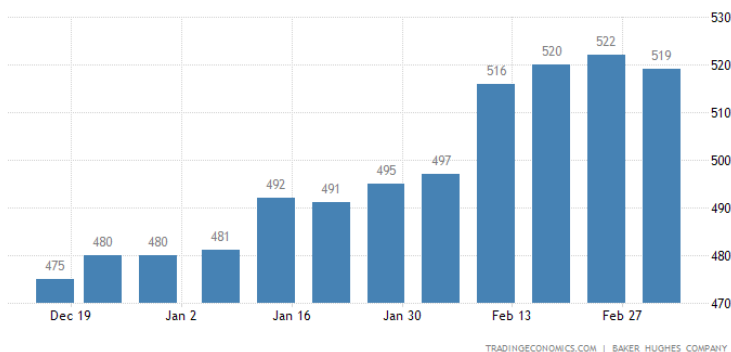
- Oil prices continue to inch higher, with new reports that the White House is considering a ban on Russian crude oil. Oil is soaring higher as Russia showing no intention of de-escalating the conflict with Ukraine.
- On Thursday, the White House had tersely dismissed the idea of banning Russian crude oil imports, pointing out that doing so could cause oil and gasoline prices to rise even more than they already had.
- An estimated 8% of global supply has been disrupted in recent days. The shortfall may not be offset by the International Energy Agency's decision to release 60 million barrels from emergency reserves or a likely return of Iranian supply

Outlook

Russia continued to ramp up its military presence in Ukraine with an attempt to take over Kyiv, leading to safe-haven flows, once again, to take over the financial markets. Although the oil and gas trade is not directly targeted, customers have hesitated to buy Russian crude to avoid becoming entangled in sanctions. A rally that has driven oil prices to their highest in almost a decade shows no signs of abating, as supplies from top exporter Russia are disrupted by sanctions after its invasion of Ukraine

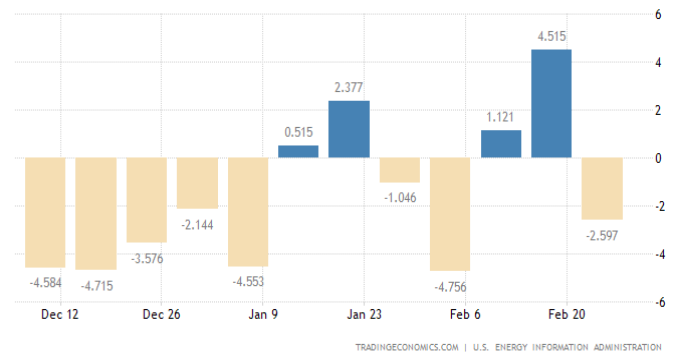
U.S. oil-drilling rig count down for the first time in 6 weeks

Baker Hughes on Friday reported that the number of active U.S. rigs drilling for oil was down by three to 519 this week. That followed increases in each of the last five weeks, Baker Hughes data show. The total active U.S. rig count, which includes those drilling for natural gas, was unchanged at 650, according to Baker Hughes. Oil prices continued to rally, finding continued support from Russia invasion of Ukraine.



U.S. Crude-Oil and Fuel Inventories Fall Across-the-Board

U.S. crude-oil inventories fell by a surprisingly large amount last week, while gasoline and other fuel stockpiles also declined, according to data released Wednesday by the Energy Information Administration. Crude-oil stockpiles fell by 2.6 million barrels to 413.4 million barrels, and are now about 12% below the five-year average, the EIA said. It was expected that crude stockpiles would increase by 2.2 million barrels from the prior week. U.S. crude-oil production was unchanged from the previous week at 11.6 million barrels a day, according to the EIA.





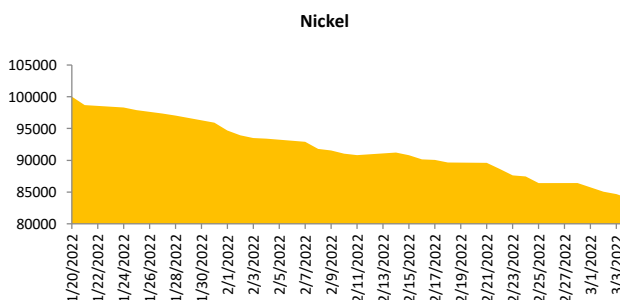
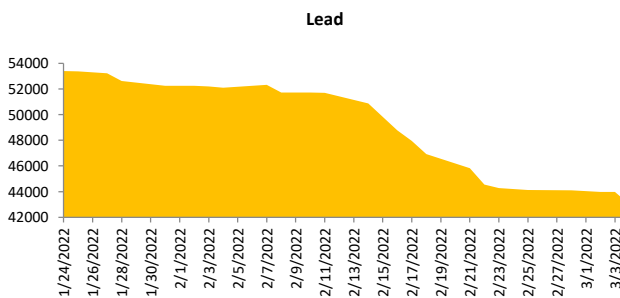
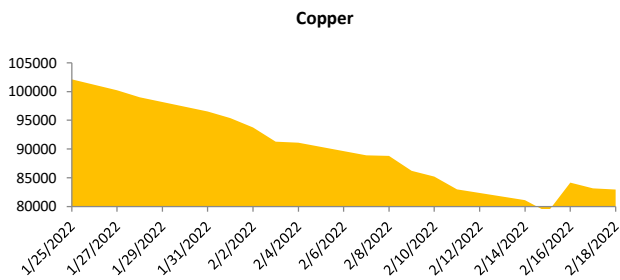
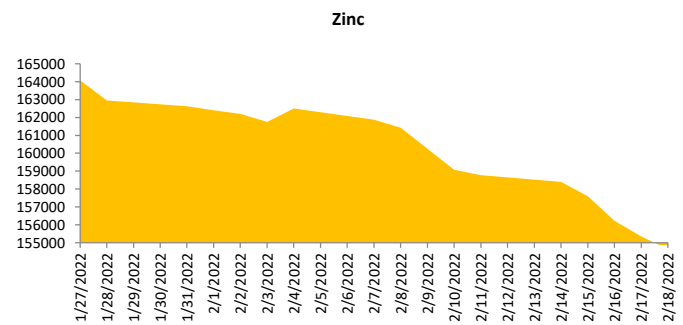
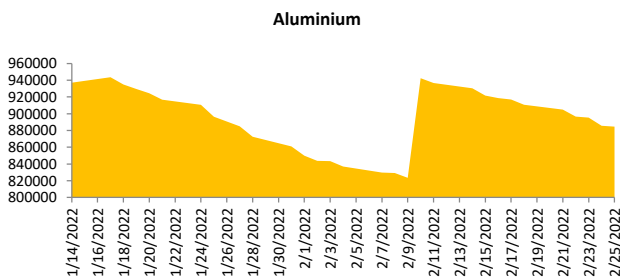
BASE METALS

- Base metals outperformed bullions in the last week. Amongst the complex Aluminum and Nickel were best performers up by 12% and 17% respectively. Other metals also traded on multi-year high levels.
- Aluminum hit a record and nickel jumped to an 11-year high as traders brace for supply disruptions from Russia — a major producer of both metals — at a time when global stockpiles have already shrunk dramatically.

Outlook

Commodities markets have been roiled by Russia's invasion of Ukraine as big corporates withdraw from the country, lenders pull back from financing deals and the threat of new sanctions deters buyers. It's also getting increasingly difficult to transport commodities like metals, which are shipped in containers. Almost half of the world's container ships will no longer go to and from Russia, based on announcements by shipping companies

Weekly LME Inventory Update



LME INVENTORY CHANGES					
Metal	25-Feb	28-Feb	2-Mar	3-Mar	4-Mar
Day	Fri	Mon	Wed	Thu	Fri
Aluminium	-1025	900	-4525	-8650	-6950
Copper	125	-1850	-800	-700	-1550
Lead	-75	-25	-125	0	-975
Nickel	-1044	6	-1362	-378	-702
Zinc	-1375	-300	-725	-450	-175
Total	-3394	-1269	-7537	-10178	-10352

LME INVENTORY DETAILS				
Metal	25-Feb	4-Mar	Change	Change
Day	Fri	Fri	Absolute	%
Aluminium	884601	865376	-19225	-2.22%
Copper	83750	78850	-4900	-6.21%
Lead	44124	42999	-1125	-2.62%
Nickel	86413	83977	-2436	-2.90%
Zinc	151275	149625	-1650	-1.10%
Total	1250163	1220827	-29336	-2.40%



Weekly Economic Events

Economic Events 09/03/2022

Country	Currency	Time(IST)	Economic Events for the day	Previous	Forecast	Actual	Impact
US	USD	8:30 PM	JOLTS Job Openings	10.93M	10.91M	-	High
US	USD	9:00 PM	Crude Oil Inventories			-	High

Economic Events 10/03/2022

Country	Currency	Time(IST)	Economic Events for the day	Previous	Forecast	Actual	Impact
Eurozone	Euro	6:15 PM	Main Refinancing Rate	0.0%	0.0%	-	High
Eurozone	Euro	6:15 PM	Monetary Policy Statement			-	High
Eurozone	Euro	7:00 PM	ECB Press Conference			-	High
US	USD	7:00 PM	CPI m/m	0.6%	0.8%	-	High
US	USD	7:00 PM	Unemployment Claims	215K	220K	-	Medium

Economic Events 11/03/2022

Country	Currency	Time(IST)	Economic Events for the day	Previous	Forecast	Actual	Impact
US	USD	8:30 PM	Prelim UoM Consumer Sentiment	62.8	61.3	-	High

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