

Gold gains on safe heaven demand due to Italian turmoil, focus on monthly US non-farm payroll

- Mounting political clash between Italy and European Union send euro southward, creating safe heaven appeal for Gold as dollar stays in range
- Claudio Broghi, head of budget committee said in Italian parliament that financial problems of the country can be resolved if Italy has its own currency
- European Commission warned of a Greek-style crisis in Italy
- Dollar softens after last minute new NAFTA deal with Canada
- After Fed decision to increase interest rate last week, focus is shifted to US non-farm payroll data to release on Friday

Outlook: Gold is trading in range after sharp recovery from 1180, facing stiff resistance near 1218 and any positive breakout above this level may push precious metal higher towards 100 DMA at 1235 and further till 200 DMA at 1281, immediate support is seen at 20DMA (1199), though critical support base remains near recent low of 1180.

Crude softens after API inventories data, official EIA data will be released today, Iran is in focus

- American petroleum institute (API) reports rise in crude inventory by 0.907 million barrel in last week to 400.9 million, US crude production rose to record level of 11.1 mbpd.
- EIA reported increase in crude supply by 1.9 million barrel last week, Bloomberg forecast expects a rise of 2.69 million barrel this week
- US's crude oil production is more than that of Russia and Saudi Arabia
- But Iranian crude exports are expected to reduce by close to 1.5mbd, when sanctions kick-in and preliminary data supports the same. US sanctions on Iranian crude exports are going to be implemented from 4th November and in recent OPEC-non OPEC meeting, the cartel came to a consensus for not increasing production further from current levels.
- China's Sinopec has halved loadings of crude oil from Iran this month, as Washington continues to put pressure, if Chinese refiners do comply with U.S. sanctions more than expected, then the market balance is likely to tighten further

Outlook: Brent is unable to cross above \$85.45 per barrel in last two trading session and holding below this level, mild profit booking from this range is keeping prices under pressure, further bullish move can be seen only on a break above this level towards next level of resistance till \$86.40 per barrel and further till \$96.30 per barrel in medium term. Immediate support remains at \$82.55 and \$81.10.

Copper could remain range bound

- Copper has traded soft and sideways since a few days and especially after the soft China Manufacturing PMI data indicating slowing Chinese manufacturing sector
- Dollar index could trade sideways in the near term without much direction for the remainder of the week, indicating that base metals could also remain range bound
- Fears of slowing Chinese economy keeps pressure on copper prices. Additionally, speculation over the new United States-Canada-Mexico trade deal possibly aiming to limit China's participation in the global market has also kept a lid on copper prices
- However, falling copper inventories in London Metal Exchange-approved warehouses are helping support sentiment.

Outlook: LME 3M Copper is trading at \$6280 per ton, it is trading in a \$6380-\$6150 range since the last few trading sessions. The sharp bounce in late September indicates that copper has formed a medium term bottom, however further consolidation in the \$6380-\$6150 range looks likely with positive bias.

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