
Copper prices are at a seven-year high
OPEC has delayed production talks till Thursday
Gold rebounds from a five-month low

COPPER PRICES ARE AT A SEVEN-YEAR HIGH

- ▲ Copper prices are at a seven-year high, and are likely to trade firm, on the back of supply issues and increased economic outlook from the coronavirus vaccine development. Copper prices are trading firm, after registering a drastic drop in Mar'20 to \$4,364 per mt, to a recent high of \$7,707 in Nov'20, which is a 76% rally in nearly 9 months. The market may be approaching an over-bought level technically; however the fundamentals are likely to keep supporting the prices.
- ▲ A union at Antofagasta Minerals' Centinela copper mine in Chile rejected a contract offer from the company on Monday, paving the way for a strike at the small deposit, its President told Reuters. Minera Centinela produced 276,600 mt of copper in 2019.
- ▲ Meanwhile, a union on strike at Chile's Candelaria copper mine accepted a new offer from Canadian miner Lundin Mining Corp. Company, and reached a deal of signing a 35-month contract, with about 350 workers on Friday. Lundin produced 111,400mt of copper in 2019.
- ▲ However, Chile's manufacturing output jumped 6.2% in October, as per government statistics agency, INE.
- ▲ Meanwhile, Canadian miner, Lundin Mining Corp (LUN.TO), on Monday, has forecast higher copper production for the fiscal year 2021. Lundin revised the 2020 outlook for Candelaria operations, and now expects production to come between 120,000 mt and 125,000 mt, compared with the previous forecast of 160,000 mt and 175,000 mt. It also sees 2021 copper production to increase 25%, between 275,000mt and 299,000 mt.
- ▲ On the manufacturing data front, the Purchasing Managers' Index (PMI) for China's manufacturing sector came in at 52.1 in November, up from 51.4 in October. China's manufacturing activity is expanding from the last four months, and this is likely to keep the prices of base metals firm.

Outlook

- ▲ LME 3-month contract is likely to find support around the 20-days EMA at \$7,211, and the 50-days EMA at \$6,966 per mt. Meanwhile, an immediate resistance level could be seen around \$7,756-7,992 per mt.

OPEC HAS DELAYED PRODUCTION TALKS TILL THURSDAY

- ▲ WTI crude oil prices are trading at \$44-\$46 per barrel from the last one week, and now all eyes are on the OPEC meeting outcome. Meanwhile, OPEC has delayed the talks to decide its production strategy. OPEC+ ministers on Sunday could not reach an agreement on whether to delay a scheduled January crude output increase. Some members, including Saudi Arabia, are concerned that global energy markets remaining too weak to absorb additional barrels of crude, while other members, including the UAE, want to sell more crude.
- ▲ OPEC+ is currently scheduled to restore in January, about 2 million of the 7.7 million bpd cut.

According to a Goldman Sachs estimate, crude prices could fall about \$5 a barrel, if OPEC+ doesn't delay the January production increase.

- ▲ However, crude oil prices are likely to find support from vaccine optimism, and strength in Chinese economic data.

Outlook

- ▲ Crude oil prices are likely to find support near the 20-days EMA at \$43.10 per barrel, and the 50-days EMA at \$41.57 per barrel. Meanwhile, a critical resistance is seen around \$46.52 per barrel and \$47.30 per barrel.

GOLD REBOUNDS FROM A FIVE-MONTH LOW

- ▲ Gold prices have rebounded from a five-month low of Tuesday, as fears of rising coronavirus cases globally is likely to keep the economic conditions stale.
- ▲ However, a rally is likely to be capped, as the U.S. will soon approve a Covid vaccine. U.S. Surgeon, General Adams, on Sunday, has said that the U.S. government would quickly review and approve the Covid vaccines from Pfizer/BioNtech and Moderna.
- ▲ On the economic data front, German November CPI fell -0.7% y/y, weaker than expectations of -0.4% y/y. The U.S. November Chicago PMI fell -2.9 to 58.2, weaker than expectations of a decline to 59.0. Also, October pending home sales unexpectedly fell -1.1% m/m, weaker than expectations of +1.0% m/m. In addition, the November Dallas Fed manufacturing activity fell -7.8 to 12.0, weaker than expectations of -5.5 to 14.3. Economic optimism increased in China, after positive PMI data. In addition, Japan's October industrial production rose +3.8% m/m, stronger than expectations of +2.4% m/m.

Outlook

- ▲ Gold prices are likely to find support near \$1,769-\$1,744 per ounce levels, while key resistance is likely to be seen around the 20-days EMA at \$1,837 and \$1,876 per ounce.

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance - No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in