
Optimism over OPEC cut and Stimulus in US lift Crude oil
Weakness in dollar index pushed gold prices higher
Copper prices are likely to trade firm

OPTIMISM OVER OPEC CUT AND STIMULUS IN US LIFT CRUDE OIL

- ▲ Crude oil prices were trading higher on increased optimism over stimulus. U.S. lawmakers can pass new pandemic stimulus measures before they break for the Christmas holiday. House Speaker Pelosi on Wednesday called for immediate stimulus talks and she said that the bipartisan \$908 billion stimulus plan put forth by lawmakers on Tuesday should be the foundation for negotiations.
- ▲ Meanwhile Crude oil also found support after OPEC delegates said that progress had been made on a deal on crude output cuts. OPEC+ members are scheduled to meet today after a two-day delay to give members more time to reach consensus.
- ▲ Meanwhile OPEC Nov crude production rose +530,000 bpd to a 7-month high of 25.18 million bpd. Ramped-up crude oil output in Libya is also negative for crude oil prices. Libya's NOC said that Libya is targeting production of 1.3 million bpd by the beginning of 2021.
- ▲ As per weekly report from EIA, crude inventories fell -679,000 bbl, against market expectations of -1.75 million bbl for the week of November 27. EIA gasoline stockpiles rose +3.49 million bbl, more than expectations of +2.00 million bbl. U.S. gasoline demand the week of Nov 27 fell -1.9% w/w to 7.97 million bpd, a 5-1/2 month low. EIA distillate supplies unexpectedly rose +3.24 million bbl versus expectations of a -1.50 million bbl decline.

Outlook

- ▲ WTI Crude oil prices for January expiry contract is likely to find support near 20 days EMA at \$43.21 per barrel and 50 days EMA at \$41.64 per barrel meanwhile critical resistance is seen around \$47.05 per barrel and \$48.16 per barrel.

WEAKNESS IN DOLLAR INDEX PUSHED GOLD PRICES HIGHER

- ▲ Gold prices are trading higher from last three trading session due to weakness in dollar index and increased optimism over fresh stimulus talks in US. The lawmakers in US may pass additional debt-fueled pandemic stimulus before they break for Christmas holiday after speaker Pelosi late Tuesday sent a new proposal to Treasury Secretary Mnuchin.
- ▲ On economic data front from US, November ADP employment report rose +307,000, weaker than expectations of +430,000 and the smallest increase in 4 months.
- ▲ Dovish comments from global central banks are also providing support to precious metals. ECB Governing Council member Kazaks said that an expansion of the ECB's emergency bond-buying program by 500 billion euros (\$603 billion) would be "reasonable" and that he is ready to support an extension of the program until mid-2022. Meanwhile, BOJ Deputy Governor Amamita that uncertainty is extremely high with economic risks on the downside, and the BOJ "will firmly continue" with current easing.

Outlook

- ▲ Gold prices are likely to find support near 200 days EMA at \$1816 per ounce levels while key resistance is likely to be seen around 20 days EMA at \$1843 and 50 days EMA at \$1871 per ounce.

COPPER PRICES ARE LIKELY TO TRADE FIRM

- ▲ Copper prices are trading in range near \$7674 per mt and sustaining near 7 year high. US stimulus hope and optimism over Covid vaccine is likely to provide support to the metal prices.
- ▲ Copper prices also found support from positive global economic data. German Oct retail sales rose +2.6% m/m, stronger than expectations of +1.2% m/m and the biggest increase in 5 months. Also, the Japan Nov consumer confidence index unexpectedly rose +0.1 to a 9-month high of 33.7, stronger than expectations of -0.6 to 33.0.
- ▲ Base metals prices are trading firm as The Organization for Economic Cooperation and Development (OECD) expects the global economy to build momentum over the coming two years, with real gross domestic product (GDP) growth projected to reach pre-pandemic levels by the end of 2021. According to its report, worldwide economic growth would average 4% over the next two years.
- ▲ 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 276,600mt of copper in 2019.
- ▲ Copper inventory at LME warehouse stands at 149675mt. LME warehouse stocks have increased nearly 64700mt in last 3 month which is 43% of current stock.

Outlook

- ▲ LME 3 month contract is likely to find support around 10 days EMA at \$7475mt and 20 days EMA at \$7297 per mt. Meanwhile immediate resistance level could be seen around \$7756-7992 per mt

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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

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