# DAILY ANALYSIS REPORT

Monday, December 7, 2020



Copper prices are likely to trade firm

Positive trend in crude oil to continue

Gold prices are likely to trade firm



### COPPER PRICES ARE LIKELY TO TRADE FIRM

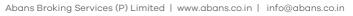
- Copper prices are trading in range near \$7674 per mt and sustaining near 7 year high. US stimulus hope and optimism over Covid vaccine is likely to provide support to the metal prices.
- As per official data, China's copper imports fell in November from the previous month. Arrivals of unwrought copper and copper products totaled 561,311 tonnes last month, which was down from 618,108 tonnes in October but up 16.2% from 483,000 tonnes in November 2019.
- On economic data front, U.S. Oct factory orders rose +1.0% m/m, stronger than expectations of +0.8% m/m. German Oct factory orders rose +2.9% m/m, stronger than expectations of +1.5% m/m. Albeit, U.S. Nov nonfarm payrolls rose +245,000, weaker than expectations of +460,000 and the smallest increase in 7 months.
- The worsening pandemic situation globally is forcing governments and countries to impose restrictions, the Covid virus has infected 67 million persons globally, with deaths exceeding 1.515 million.
- Copper inventory at LME warehouse stands at 149675 mt. LME warehouse stocks have increased nearly 67225 mt in last 3 month which is nearly 44% of current stock.

#### Outlook

■ LME 3 month contract is likely to find support around 10 days EMA at \$7556 and 20 days EMA at \$7375 per mt. Meanwhile immediate resistance level could be seen around \$7756-7992 per mt

## POSITIVE TREND IN CRUDE OIL TO CONTINUE

- WTI crude oil prices rallied to nine month high due to weakness in dollar index and OPEC+ production plan. Although rising number of coronavirus cases across the globe is likely to keep oil a lid on the price rally.
- OPEC+ ministers have agreed to add 500,000 bpd of crude production starting in January. Also, OPEC+ ministers agreed to hold monthly meetings to decide whether to approve similar-sized crude production increases in subsequent months.
- Meanwhile, China Nov crude imports rose +4.9% m/m to 10.6 million bpd, the first increase in four months. It is indicating an improvement in economic condition of china and supportive for crude oil prices.
- Rising optimism over stimulus is also providing support to crude oil prices. House Speaker Pelosi has said "there is momentum building" toward a compromise on the \$908 billion fiscal stimulus plan.
- Data from Baker Hughes Friday showed that active U.S. oil rigs rose by +5 rigs in the week ended December 4 to a 6-1/2 month high of 246 rigs. Also, Baker Hughes reported on Nov 6 that the number of global active oil rigs in Oct fell to a record low of 1,016 rigs (data since 1975).





#### DAILY ANALYSIS REPORT

Monday, December 7, 2020



▲ As per CFTC report, net long for crude oil futures declined -5474 contracts to 517165 for the week ending December 1. Speculative long position gained +4 190 contracts, while shorts rose +9 664 contracts.

#### Outlook

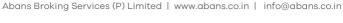
■ WTI Crude oil prices for January expiry contract is likely to find support near 20 days EMA at \$43.94 per barrel and 50 days EMA at \$42.16 per barrel meanwhile critical resistance is seen around \$47.35 per barrel and \$48.40 per barrel.

### **GOLD PRICES ARE LIKELY TO TRADE FIRM**

- Weakness in dollar index pushed gold prices higher. The lawmakers in US may pass additional debt-fueled pandemic stimulus before they break for the Christmas holiday after Speaker Pelosi late Tuesday sent a new proposal to Treasury Secretary Mnuchin.
- Dovish comments from global central banks are also providing support to precious metals. According to several ECB officials, the ECB at its meeting on Thursday will likely agree to extend the pandemic bond-buying program by a full year until the middle of 2022. 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, According to the CFTC Commitments of Traders report for the week ended December 1, net long for gold futures increased +16412 contracts to 260314 for the week. Speculative long position gained +4020 contracts, while shorts dropped -12392 contracts.

### Outlook

■ Gold prices are likely to find support at \$1816 and \$1790 per ounce levels while key resistance is likely to seen around at 50 days EMA at \$1875 per ounce.





#### DAILY ANALYSIS REPORT

Monday, December 7, 2020





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

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: <a href="mailto:kamlesh.jogi@abans.co.in">kamlesh.jogi@abans.co.in</a>
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

