
Positive trend may continue in Gold
Strength in dollar is keeping oil prices lower
Copper prices are likely to trade firm

POSITIVE TREND MAY CONTINUE IN GOLD

- ▲ Gold prices were trading near three week high above \$1875 on Tuesday and are currently trading near \$1865. Increasing optimism over US stimulus and worsening pandemic situation across the globe is likely to keep precious metal prices firm. Also, no-deal Brexit concerns are boosting safe-haven demand for gold.
- ▲ On economic data front, the German Dec ZEW expectations of economic growth index rose +16.0 to 55.0, stronger than expectations of +7.0 to 46.0. Japan's Q3 GDP was revised upward to +22.9% (q/q annualized) from +21.4%, the strongest pace of growth since the data began in 1968. A positive for gold and negative for silver was Japan's Oct household spending report of +1.9% y/y, weaker than expectations of +2.8%
- ▲ The US has reported more than 100,000 new daily Covid infections for thirty-two consecutive days through Monday. In addition, German Chancellor Merkel said the current partial lockdown in Germany is insufficient and that more stringent lockdown measures are needed to slow the pandemic. The Covid virus has infected 68.109 million persons globally, with deaths exceeding 1.554 million.

Outlook

- ▲ Gold prices are likely to find support at 20 days EMA at \$1849 per ounce and 200 days EMA at \$1817.3 per ounce levels while key resistance is likely to be seen around \$1905 per ounce and \$1958 per ounce.

STRENGTH IN DOLLAR IS KEEPING OIL PRICES LOWER

- ▲ Strength in dollar index against other currencies is keeping oil prices lower. WTI Crude oil contract for near month is trading near \$45.44 with moderate losses from recent high of \$46.68 registered on December 4.
- ▲ Meanwhile as per, the American Petroleum Institute (API) report, crude oil inventories increased by +1.141 million barrels for the week ending December 4. Market had predicted an inventory draw of -1.514 million barrels for the week. As per EIA, US oil production was up 100,000 bpd for the week ending November 27, at 11.1 million bpd, which is -2.0 million bpd lower than the all-time high of 13.1 million bpd reached in March. EIA will release official weekly inventory report later today.
- ▲ Iranian President Hassan Rouhani said Iran is preparing to raise its oil production on speculation that the incoming Biden administration will ease sanctions against Iran early next year. Additional supplies are likely to keep oil prices under pressure. According to JPMorgan Chase estimates, Iran could raise its crude exports by as much as 1.2 million bpd if it strikes a new deal with the US.
- ▲ Increased OPEC crude oil output is also negative crude oil prices. OPEC Nov crude production rose +530,000 bpd to a 7-month high of 25.18 million bpd.
- ▲ Meanwhile, Saudi Arabia on Sunday raised crude oil prices for its Asian customers by 80 cents per barrel, the biggest increase in five months.

Outlook

- ▲ WTI Crude oil prices for January expiry contract is likely to find support near 20 days EMA at \$44 per barrel and 50 days EMA at \$42.27 per barrel meanwhile critical resistance is seen around \$47.05 per barrel and \$48.16 per barrel.

Copper prices are likely to trade firm

- ▲ Copper prices are trading firm near \$7764 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 on LME are trading higher as sentiments have increased as the first coronavirus vaccine rollouts in the UK and increasing optimism over a potential COVID-19 aid package from the United States. The Trump administration proposed a \$916-billion pandemic relief package.
- ▲ On economic data front, The German Dec ZEW expectations of economic growth index rose +16.0 to 55.0, stronger than expectations of +7.0 to 46.0. Japan Q3 GDP was revised upward to +22.9% (q/q annualized) from +21.4%, the strongest pace of growth since the data began in 1968. Conversely, Japan Oct household spending rose +1.9% y/y, weaker than expectations of +2.8% y/y.
- ▲ The worsening pandemic situation globally is forcing governments and countries to impose restrictions, the Covid virus has infected 68 million persons globally, with deaths exceeding 1.55 million.
- ▲ Meanwhile China's copper imports fell in November from the previous month. Arrivals of unwrought copper and copper products totaled 561,311 mt last month, which was down from 618,108 tonnes in October but up 16.2% from 483,000 tonnes in November 2019.
- ▲ Copper prices are likely to find support after Japan announced a new \$708 billion economic stimulus package.
- ▲ Copper inventory at LME warehouse stands at 149625 mt as on 8th December. LME warehouse stocks have increased nearly 73075 mt in last 3 month which is nearly 48% of current stock.

Outlook

- ▲ LME 3 month contract is likely to find support around 10 days EMA at \$7618 mt and 20 days EMA at \$7442 per mt. Meanwhile immediate resistance level could be seen around \$7848-\$8106 per mt

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