
Hurricane Delta has forced closure of crude oil platforms in the Gulf of Mexico
Stimulus hopes are keeping gold prices firm
A Chilean strike is keeping copper prices firm

HURRICANE DELTA HAS FORCED CLOSURE OF CRUDE OIL PLATFORMS IN THE GULF OF MEXICO

- ▲ Crude oil prices are trading firm, as Hurricane Delta has forced closure of crude oil platforms in the Gulf, with about 1.7 million bpd, or 92% of the total U.S. Gulf crude output.
- ▲ Crude oil also found support from continued hopes that U.S. lawmakers will agree on a pandemic relief package, which would be positive for energy demand and crude prices.
- ▲ OPEC Secretary-General, Barkindo, has said that "the worst is over" for the global oil market, and that OPEC will continue to apply oil-market management techniques. Crude oil found support from these comments.
- ▲ Global economic data was also supportive for crude prices. German August exports and Japanese September economic watchers' expectations outlook survey rose to a 1.5 years high.
- ▲ On the inventory front, there was also a slight increase in US crude stocks, according to the Energy Information Administration (EIA), by 500,000 barrels, to 492.9 million barrels. However, there were slight drawdowns in both US gasoline and distillate stocks by 1.4 million barrels, and 1 million barrels respectively.

Outlook

- ▲ Crude oil found support from stimulus hopes in the US, and production closure due to hurricane Delta. We expect the price rally to halt, on account of demand concerns, due to the covid pandemic, and increasing supply from OPEC nations. WTI crude oil prices are likely to find support around \$38.45-37.80 per barrel. Meanwhile, stiff resistance could be seen around \$41.97-43.08 per barrel.

STIMULUS HOPES AND INFLATION EXPECTATIONS ARE KEEPING GOLD PRICES FIRM

- ▲ Gold prices are trading firm near the \$1,910 level, on the possibility that U.S. lawmakers will agree on additional debt-fueled pandemic stimulus measures. President Trump has said that talks on an economic stimulus plan are now "starting to work out."
- ▲ Gold prices also found support from increase in inflation expectations.
- ▲ On the economic data front, U.S. weekly initial unemployment claims fell by only -9,000 to 840,000, showing a weaker labour market, than expectations for a decline to 820,000. German August exports rose +2.4% m/m, stronger than expectations of +1.5% m/m. Also, German August imports rose +5.8% m/m, stronger than expectations of +1.5% m/m.
- ▲ Gold found support from the September policy meeting minutes issued by the ECB. It could roll out additional stimulus measures later this year. The ECB policymakers have stressed that they would carefully assess all incoming information, including the euro exchange rate, and would "maintain flexibility in taking appropriate policy action, if and when needed." ECB Chief Economic Philip Richard Lane, has said that inflation expectations were at "very depressed" levels, and were at risk of falling further.

Outlook

- ▲ Gold prices are likely to remain volatile, due to the ongoing speculation over stimulus measures, and the presidential election. Meanwhile, gold may find support from dovish comments from central banks. We may see support around the 100-days EMA at \$1,875 per ounce. Meanwhile, key resistance could be seen at \$1,925-\$1,966 levels.

STIMULUS HOPES AND A CHILEAN STRIKE ARE KEEPING COPPER PRICES FIRM

- ▲ Copper prices are trading firm near \$6,736 per ton, over stimulus hopes, and a strike at a copper mine in Chile. As per a Reuters report, a union of workers at Lundin Mining's Candelaria copper mine in Chile walked off the job on Thursday, after talks broke down earlier this week. In the last 6 trading days, copper prices have rallied nearly 7.44%, from the low of 6,270 registered on October 2.
- ▲ Meanwhile, increasing optimism over the Chinese economy is likely to provide support to copper prices. In China, the Yuan strengthened, and stocks rose, in a positive start to the month, with traders returning to work after an eight-day holiday. The Caixin China Service September PMI beat estimates, and the composite PMI slipped, but still expanded for a fifth consecutive month. China September Caixin Services PMI came in at 54.8, to top both the consensus mark of 54.3, and the 54.0 reading for August.
- ▲ Copper inventory at LME monitored warehouse dipped by -650 mt on October 8, In the last one month, LME copper stock has increased by 78,200 mt, which is 50.5% of the total LME-registered stocks at 154,750 mt on October 8.

Outlook

- ▲ LME 3M Copper prices are likely to find support around the 100-days EMA at \$6,338 per ton, while a key resistance level is seen near \$7,187 per ton.

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