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GOLD DROPPED AFTER THE DOW JONES HIT A NEW RECORD HIGH ON VACCINE OPTIMISM

- ▲ Gold prices dropped after the Dow Jones Industrials hit new record highs. Price of Gold and Silver dropped on vaccine optimism, which could allow the global economy to return to normal later next year.
- ▲ On the economic data front, China's October exports rose +11.4% y/y, stronger than expectations of +9.2% y/y, and the biggest increase in 17 months. Also, German September exports rose +2.3% m/m, stronger than expectations of +2.0% m/m. In addition, Japan's September leading index CI rose +4.4, to a 14-month high of 92.9, stronger than expectations of 92.6.
- ▲ However, gold is likely to receive support from the covid pandemic, and dovish central bank policies. Central banks are unlikely to change their accommodative stance in the near to medium term, despite optimism over the vaccine, as this process will take a long time to eradicate the coronavirus. Dallas Federal Reserve Bank President, Mr. Robert Kaplan, has said on Monday that the resurgence of COVID-19 poses downside risks to the U.S. economy, while Cleveland Fed President, Loretta Mester, has said that the central bank's emergency lending programs are still needed. The Covid virus has now infected 50.892 million persons globally, with deaths exceeding 1.264 million.

Outlook

- ▲ Gold prices are likely to find support around \$1,844 and \$1,812 (200-days EMA). Meanwhile, critical resistance is seen near \$1,931-\$2,007 levels. Optimism over the coronavirus vaccine was responsible for a sharp drop in prices, but global economic growth concerns, due to the rising number of covid cases, is likely to keep gold prices supported at lower levels

OPTIMISM OVER VACCINE HAS PUSHED OIL PRICES HIGHER

- ▲ Crude oil prices rallied on a potential Covid vaccine breakthrough, after a vaccine being developed by Pfizer and Biotech SE prevented more than 90% of infections in a study of thousands of volunteers. It was the most encouraging study so far in the development of a Covid vaccine.
- ▲ Crude oil prices also found support from OPEC+ signal to reconsider plans to ease crude production cuts in January. Saudi Arabian Energy Minister, Abdulaziz Bin Salman, on Monday, has said that "with the consensus of everybody, we could navigate with this agreement and tweak this agreement, subject to what we may see in the future." OPEC+ is scheduled to meet between November 30 - December 1.
- ▲ Positive exports data from China have also provided support to crude oil prices. China's October exports rose +11.4% y/y, stronger than expectations of +9.2% y/y, and the biggest increase in 17 months.
- ▲ According to a Bloomberg report, aviation fuel consumption is set to decline by -2.8 million bpd (-39% year-on-year) in 2020, and that demand will not return to pre-pandemic levels until

2026, as the retirement of older planes leads to an increase in the overall fuel efficiency.

- ▲ Rising OPEC crude output is bearish for crude prices, after OPEC crude production in October rose +470,000 bpd, to a 6-month high of 24.74 million bpd.

Outlook

- ▲ WTI crude oil prices are likely to find stiff resistance near \$42.10-43.69 per barrel, while key support levels are found near \$37.85 and \$35.7 per barrel.

COPPER PRICES ARE HOVERING NEAR \$6,900 PER MT

- ▲ Copper prices are hovering near \$6900 per mt, as optimism over a covid vaccine have supported industrial metal prices, although it is projected that vaccine development for common use will take more time. Meanwhile, the rising number of covid cases is likely to dent economic growth, and is also likely to keep a lid on copper prices.
- ▲ The Shanghai International Energy Exchange (INE) said on Monday that it would waive the delivery fee on its upcoming bonded copper futures contract for the first seven weeks of trading, and named five warehouses that can take the delivery of the metal. The long-awaited contract, which will be open to international investors, giving them the chance to hedge their exposure in the world's biggest copper market, will launch on November 19.
- ▲ On the economic data front from China, the Producer Price Index (PPI) fell 2.1% from a year earlier, the National Bureau of Statistics said in a statement on Tuesday, the same pace as in September, and slightly more than a 2.0% decline tipped by the median forecast from a Reuters survey of analysts. China's Consumer Price Index rose 0.5% from a year earlier, the slowest since October 2009, separate data showed, missing the 0.8% rise, tipped by the Reuters poll, and a 1.7% rise in September.
- ▲ Copper inventory at LME monitored warehouses have dropped by -1,325 mt, as on November 9. LME inventory now stands at 171,125 mt, which has dropped by -64,825 mt in the last one year, but has increased nearly 53,175 mt in the last three months as on November 9.

Outlook

- ▲ LME 3 month contract is likely to find support around the 50-days EMA at \$6,715, and the 100-days EMA at \$6,487 per mt. Meanwhile, an immediate resistance level could be seen around \$7,170 - \$7,366 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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