
Crude oil prices likely to trade firm
Gold prices are likely to find support at the 200-days EMA of \$1,818
Bullish trend may continue in Copper

GOLD PRICES ARE LIKELY TO FIND SUPPORT AT THE 200-DAYS EMA AT \$1,818

- ▲ Gold prices are likely to find support from an expansionary monetary policy by global central banks. The ECB boosted its pandemic-emergency purchase program (PEPP) by 500 billion Euros, precisely as per expectations, and extended the program by 9 months to March 2022, longer than an expectation of 6 months. The ECB also raised the targeted long-term loan operations (TLTROs) to 55% of their stock-eligible loans from 50%, and extended the period of the loans by 12 months to June 2022, 6 months longer than expected. Additional liquidity into the system is likely to support precious metals.
- ▲ Gold prices are likely to find support from the Brexit issue. Wednesday night's meeting between U.K. Prime Minister, Mr. Boris Johnson, and European Commission President, Von der Leyen, failed to reach a breakthrough in Brexit negotiations. Prime Minister Johnson, on Thursday, said that Britain should prepare to leave the European Union's single market without a trade deal.
- ▲ The worsening pandemic is forcing countries to impose restrictions, which will curb economic growth, and is also likely to provide support to gold prices. The Covid virus has infected 69.439 million persons globally, with deaths exceeding 1.579 million.

Outlook

- ▲ Gold prices are likely to trade firm, while remaining above the key support levels of the 200-days EMA of \$1,818 per ounce, while an immediate resistance is seen around the 50-days EMA at \$1,873.

CRUDE OIL PRICES LIKELY TO TRADE FIRM

- ▲ Crude oil prices rallied sharply to nearly 9 month highs, following optimism about economic growth, after vaccinations begin this month. Covid vaccines are soon to be deployed all over the world, which is likely to push global energy demand.
- ▲ On a positive note for energy demand, Indian Oil Company has said that refinery utilization in all of its refineries rose to 100% in November, from 88% in October. The U.K. government's data showed weekly road fuel sales by filling stations in the U.K. were up +8.7% w/w, for the week ending December 6th.
- ▲ On the economic data front, U.S. weekly initial unemployment claims rose +137,000 to a 2-1/2 month high of 853,000, showing a weaker labour market than expectations of 725,000. Conversely, the Japanese Q4 BSI business conditions for large manufacturing companies rose +21.5 to 21.6, the highest since the data began in 2004.
- ▲ OPEC November crude production rose +530,000 bpd to a 7-month high of 25.18 million bpd. Increasing supply from OPEC nations is likely to keep oil prices under pressure.
- ▲ Meanwhile, Iranian President, Mr. Hassan Rouhani, has said that Iran is preparing to raise its oil production, on speculation that the incoming Biden administration will ease sanctions against Iran early next year. 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 U.S. Since the Trump administration tightened sanctions against Iran, its crude exports have plunged from 2.6 million bpd in 2017, to just 133,000 bpd.

Outlook

- ▲ WTI crude oil is likely to find support near the 20-days EMA at \$44.5 per barrel, and the 50-days EMA at \$42.6 per barrel. Meanwhile, a key resistance is seen around \$48.4 & \$50.1 per barrel.

BULLISH TREND MAY CONTINUE IN COPPER

- ▲ Copper prices are trading firm near \$7,819 per mt, with minor losses from yesterday's high, and are sustaining near 7-year highs.
- ▲ Copper prices are likely to find support, as sentiments have increased, due to 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.
- ▲ Chile's state-owned Codelco had reached an early contract agreement with a union at its Radomiro Tomic mine. The 36-month agreement does not impact salaries, but does include final bonuses for the equivalent of about \$4,800 per worker.
- ▲ Meanwhile, China's copper imports fell in November from the previous month. Arrivals of unwrought copper and copper products totalled 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.
- ▲ Copper inventory at LME warehouses stands at 147,825 mt, as on 10th December. LME warehouse stocks have increased nearly 71,850 mt in the last 3 months, which is nearly 48% of the current stock.

Outlook

- ▲ LME 3 month contract is likely to find support around the 10-days EMA at \$7,680mt, and the 20-days EMA at \$7,508 per mt. Meanwhile, an immediate resistance level could be seen around \$7,956-\$8,182 per mt.

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