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Gold prices crashed more than 8% from lifetime highs  
Crude oil prices to consolidate near \$41  
Aluminium at the highest point since January, 2020

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## GOLD PRICES CRASHED MORE THAN 8% FROM LIFETIME HIGHS

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- ▲ Gold prices crashed near \$1,900 in early morning trade today, which is more than a 8% decline from lifetime highs of \$2,077.85. Unprecedented money-printing by central banks, and interest rates near-zero levels have helped gold prices rally to lifetime highs this month. Meanwhile, selling in gold was supported by Russia's claim over the first vaccine to cure coronavirus. Gold selling intensified, after the US failed to reach an agreement over the new stimulus plan. Silver prices also crashed nearly 20% from the recent high of \$29.92.
- ▲ On the economic data front, in New Zealand, the central bank held the Official Cash Rate at 0.25% on Wednesday. The country also increased restrictions again in Auckland, as cases of local transmission were detected, after being virus-free for 102 days.
- ▲ US producer prices increased the most in more than 1-1/2 years in July, but the overall trend in producer inflation remained subdued amid signs that the economic recovery from the COVID-19 recession was faltering. In the 12 months through July, the PPI dropped 0.4%, after falling 0.8% in the 12 months through June. Market expectations were for a rise of 0.3% in July, and a decrease of 0.7% on a year-on-year basis.

### Outlook

- ▲ Gold prices corrected on latest developments over a coronavirus vaccine in Russia, and stimulus speculations in the US. Immediate support level could be seen around the 50-Days EMA at \$1,877, and the 100-Days EMA at 1,801. Meanwhile, resistance could be seen at the 20-Days EMA at 1,950, and the 10-Days EMA at 1,973.

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## CRUDE OIL PRICES TO CONSOLIDATE NEAR \$41

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- ▲ Oil prices moved up from their previous close, on the back of an API inventory report, and that a coronavirus vaccine from Russia could revive oil demand. Crude oil also found support on expectations of US economic stimulus, as well as a rebound in Asian demand as economies reopen.
- ▲ The American Petroleum Institute (API) reported a decrease of 4.4 million barrels of crude oil in the U.S. crude oil inventories for the week ending August 7. The API reported a decrease of 8.59 million barrels of crude oil inventories for the previous week ending July 31. The EIA will release official US oil inventory report later today.
- ▲ Saudi Aramco (the world's biggest oil-producing and oil-exporting company) is optimistic about the pace of oil demand recovery in Asia. In June, global oil demand was somewhere around 90 million barrels per day (bpd), up from 75-80 million bpd in April. Meanwhile, current demand for crude oil in Asia has almost returned to the levels from before the pandemic.

### Outlook

- ▲ Crude oil prices are trading in 39.58-43.52 range this month. It is consolidating near \$41, and an immediate support could be seen around the 50-Days EMA at 38.36, while key resistance is seen near 43.52.

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## ALUMINIUM AT HIGHEST POINT SINCE JANUARY, 2020

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- ▲ Aluminium has risen strongly, as it is trading at the highest level since January 2020; this rise in aluminium has been on the back of improved demand in China, and dollar weakness.
- ▲ China's primary aluminium output increased by 1.83%, year-on-year, to 3.12 mn mt in July; also, China's aluminum imports increased significantly in 2020, owing to the lower international aluminum prices, making it cheaper for China to import the metal.
- ▲ Inventory (on warrant) at SHFE has shrunk by 66%, from 305,203 to 120,567 mt, while LME inventory has increased by almost 36.00%, from 1,014,425 to 1,361,200 mt, since 1st April 2020; this has given rise to the prices in China being at a premium to that in London. Parity, which is the difference between the SHFE and the LME, after calculating for the VAT and the currency, is currently trading at 219 Yuan, indicating a strong trend for Chinese aluminum, driven by fundamental demand for the metal.

### Outlook

- ▲ Aluminium is trading above the 20-day SMA in a higher high, higher low formation, indicating the trend to be positive, and it has also breached the upper Bollinger Band on the weekly charts, supporting the above observation. Aluminium could rise further towards \$1,815 & \$1,835 levels, while support is seen at \$1,740 & \$1,720 levels.

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