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Copper is approaching a support zone  
Gold prices are up, supported by weakness in the US Dollar Index  
Crude oil prices are up on increasing fuel consumption in the US and a drop in inventory

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**COPPER IS APPROACHING A SUPPORT ZONE**

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- Copper has experienced some correction, after a stupendous rally since March 2020; this correction that the metal has witnessed in the past week is largely because of the subsiding supply concerns in Peru & Chile. Besides, the US stimulus uncertainty has also dampened the sentiment.
- According to an SMM survey, operating rates at Chinese copper plate strip & foil producers stood at 65% in July 2020, down 0.90% from June 2020, and down 3.67%, on a year-on-year basis.
- On the inventory side, On Warrant Inventory at SHFE declined by 69%, from 216,414 mt on 1<sup>st</sup> April 2020, to 66,265 mt on 13<sup>th</sup> August 2020, while at LME, the inventory declined by 70.31%, from 177,250 mt, to 52,625 mt, during the same time period. A drawdown in the inventory in both exchanges, indicates that consumption has picked up in the ongoing Covid-19 unlock.

**Outlook**

- Copper has corrected in the past few trading sessions, but the medium-term trend continues to be positive; we can expect it to find support at 6,230 & 6,175 levels, and it could rise further towards 6,450 & 6,535 levels, after taking support at the mentioned levels.

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**GOLD PRICES ARE UP, SUPPORTED BY WEAKNESS IN THE US DOLLAR INDEX**

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- Gold prices have bounced from Wednesday's low of \$1,874.2, and are holding firm near \$1,960. The latest developments in a Covid-19 vaccine could keep gold prices at bay. A vaccine in Russia has increased the risk appetite, and has lowered the expectations of further monetary stimulus. The Dollar Index has lost further momentum, and is hovers around the 93.17 region.
- Gold prices are expected to remain under pressure, as the US stimulus plan continues to remain in a stalemate.
- On the economic data front, retail sales in China remained weak, with a contraction of 1.1 per cent; July's figure was behind the expectations of a 0.1 per cent growth, as per the consensus forecast of a Bloomberg poll. Retail sales had dipped by 1.8 per cent in June, and 2.8 per cent in May. China's industrial growth remained steady in July. Industrial production in China grew by 4.8 per cent in July from a year earlier, emphasizing its role as the main engine of economic growth; however it was below market expectations of a 5.2 per cent rise.
- Jobless claims in the US dropped below one million last week, for the first time since the start of the COVID-19 pandemic, although at least 28 million people are still receiving unemployment checks. It is an indication that the job market is under stress.
- On the coronavirus front, more than 20.73 million people have been reported to be infected globally, and 749,871 have died.

**Outlook**

- Gold prices will find support near the 50-Days EMA at \$1,887, and the 100-Days EMA at \$1,808. Meanwhile, key resistance could be seen around the 10-Days EMA at \$1,978, and the next level of resistance is seen near the \$2,002 level.

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## CRUDE OIL PRICES ARE UP ON INCREASING FUEL CONSUMPTION IN THE US AND A DROP IN INVENTORY

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- Oil prices advanced on Friday, and were heading for a second week of gains, amid growing confidence that demand for fuel is starting to pick up. The US Energy Information Administration (EIA) reported that fuel demand rose to 19.37 million barrels per day last week, the highest since March. An EIA report is also showing that crude oil, gasoline, and distillate inventories, all fell last week, as refiners ramped up production, and demand for oil products improved.
- Crude inventories in the US fell by 4.5 million barrels, against a forecast of a 2.9 million-barrel drop. Crude output dropped to 10.7 million bpd, from 11 million bpd in the week, according to the EIA report.
- Meanwhile, International Energy Agency (IEA) lowered its 2020 oil demand forecast, following unprecedented travel restrictions, but resilience in the equities markets, and a weak Dollar, limited the losses. The COVID-19 pandemic would lower global oil consumption this year by 8.1 million barrels per day (bpd).
- The Organization of the Petroleum Exporting Countries (OPEC) also said that world oil demand will fall by 9.06 million bpd this year, more than the 8.95 million bpd decline expected a month ago.
- Russian Energy Minister, Alexander Novak, has said that he does not expect quick decisions on output cuts, when an OPEC+ Group Monitoring Committee meets next week.
- Saudi Aramco (the world's biggest oil-producing and oil-exporting company) is optimistic about the pace of oil demand recovery in Asia. Crude oil in Asia has almost returned to the levels from before the pandemic.

### Outlook

- WTI Crude oil prices are likely to find support, on an improvement in US energy demand. Immediate support could be seen around the 20-Days EMA at \$41.49, and the 50-Days EMA at \$38.64. Meanwhile, key resistance levels are seen around the \$43.44 level

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