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Crude oil prices are likely to remain firm on vaccine hopes

Gold prices to trade firm

Copper prices are likely to trade firm

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**CRUDE OIL PRICES ARE LIKELY TO REMAIN FIRM ON VACCINE HOPES**

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- ▲ Crude oil prices are likely to trade firm on vaccine hopes. They also found support, after a tanker explosion in Saudi Arabia. Oil supplies were affected, after a shipping firm claimed that its oil tanker exploded, after being hit by an external source, while discharging at Jeddah port in Saudi Arabia.
- ▲ Meanwhile, vaccine hopes increased, as the United States kicked off its vaccination campaign against COVID-19.
- ▲ Meanwhile on the economic data front, the University of Michigan U.S. December consumer sentiment unexpectedly rose +4.5, to 81.4, stronger than expectations of -0.9, to 76.0. Also, Italy's October industrial production rose +1.3% m/m, stronger than expectations of +1.0% m/m.
- ▲ Reduced chances for a U.S. pandemic aid bill are likely to keep a cap on oil prices. Bipartisan talks on a \$908 billion pandemic relief package have stalled, and are hung up on differences over shielding companies from Covid-related lawsuits.
- ▲ According to the CFTC Commitments of Traders report for the week ended December 8, net long for crude oil futures decreased -2,536 contracts to 514,629 for the week. Speculative long positions fell -6,251 contracts, while shorts dropped -3,715 contracts.
- ▲ Baker Hughes reported on Friday that the number of oil rigs in the United States rose by 12, to 338. Meanwhile, the EIA's estimate for oil production in the United States stayed at 11.1 million barrels of oil per day for the second week in a row.

**Outlook**

- ▲ WTI Crude oil prices for the January expiry contract are likely to find support near the 20-days EMA at \$44.8 per barrel, and the 50-days EMA at \$42.9 per barrel. Meanwhile, critical resistance is seen around \$48.2 per barrel, and \$49.2 per barrel.

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**GOLD PRICES TO TRADE FIRM**

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- ▲ Doubts over US stimulus measures, and strength in the Dollar Index, are keeping gold prices lower, although a "no deal Brexit" concerns, along with the worsening covid pandemic situation, are likely to keep gold prices firm.
- ▲ Uncertainty regarding the passage of a U.S. pandemic relief package is keeping gold prices lower. Bipartisan talks on a \$908 billion pandemic relief package have stalled, and are hung up on differences on shielding companies from Covid-related lawsuits, and on aid to state and local governments.
- ▲ A "no-deal Brexit" has intensified, and sparked safe-haven buying of precious metals. U.K. Prime Minister, Boris Johnson, has said on Friday that a "no-deal Brexit" at the end of the year now looks "very, very likely." Also, European Commission President, Von der Leyen, has warned that a "no-deal Brexit" is the likeliest outcome on December 31<sup>st</sup> unless last-ditch talks succeed.
- ▲ Concerns over the pandemic are providing support to precious metals. The overall number of global coronavirus cases has topped 72.2 million, while the deaths have surged to more than 1.61 million, according to the Johns Hopkins University. The US is the worst-hit country, with the

world's highest number of cases and deaths at 16,246,771 and 299,163, respectively,

- ▲ According to the CFTC Commitments of Traders report for the week ended December 8, net long for gold futures increased +8,906 contracts to 269,220 for the week. Speculative long positions were added by 13,927 contracts, while shorts were added by +5,021 contracts.

## Outlook

- ▲ Gold prices are likely to find support at the 200-days EMA at \$1,818 per ounce, while key resistance is likely to be seen around \$1,905 per ounce \$1,958 per ounce.

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## COPPER PRICES ARE LIKELY TO TRADE FIRM

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- ▲ Copper prices are trading firm near \$7,770 per mt, following progress on the COVID-19 vaccine front, and the prospects of additional U.S. economic stimulus measures.
- ▲ Economic recovery in China is likely to provide support to prices of metals. Fitch Ratings raised its forecast for China's GDP to an 8% growth next year, up from the 7.7% rate, which was predicted in September, according to a report released on Thursday.
- ▲ 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 146,325 mt, as on 11<sup>th</sup> December. LME warehouse stocks have increased nearly 70,775 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 \$7,686mt, and the 20-days EMA at \$7,527 per mt. Meanwhile, an immediate resistance level could be seen around \$7,956-\$8,182 per mt.

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