
China factory data has pushed Copper prices higher
Weakness in dollar and Chinese demand have pushed oil prices higher
Increased optimism over stimulus has pushed gold higher

CHINA FACTORY DATA HAS PUSHED COPPER PRICES HIGHER

- ▲ Copper prices rallied, on the back of solid manufacturing data from China, in addition to the roll-out of COVID-19 vaccines in some major economies.
- ▲ Industrial output growth picked up to 7.0% in November from a year earlier, which was much higher than market expectations of 6.9%. China's factory output grew at its fastest pace in 20 months in November.
- ▲ Meanwhile, prices of metals also found support from increasing optimism over economic growth, after countries started allowing vaccination. Moderna Inc's COVID-19 vaccine appeared set for U.S. regulatory authorisation this week, while Europeans could start getting coronavirus vaccines before the New Year.
- ▲ Hope for US stimulus has increased, after top U.S. Congressional leaders began a second meeting on Tuesday, in order to try to come up with a coronavirus aid package.
- ▲ Fitch has increased its forecast for copper. Weakness in the dollar and the roll-out of vaccines in developed markets is positive for Copper prices. Fitch increased its 2021 average copper price forecast to \$6,800 a tonne, from \$6,300 a tonne.
- ▲ Copper inventory at LME warehouses stands at 141,900 mt, as on 11th December. LME warehouse stocks have decreased nearly 23,300 mt in the last one month, which is nearly 16% of the current stock.

Outlook

- ▲ LME 3 month contract is likely to find support around the 10-days EMA at \$7,736 mt, and the 20-days EMA at \$7,578 per mt. Meanwhile, an immediate resistance level could be seen around \$7,956-\$8,182 per mt.

WEAKNESS IN DOLLAR AND CHINESE DEMAND HAVE PUSHED OIL PRICES HIGHER

- ▲ Crude oil prices are trading near \$47.6 per barrel, in the back drop of strong demand from China, and weakness in the US dollar. Crude oil is likely to get fresh direction from inventory data later today.
- ▲ China's November crude oil demand rose +8.4% y/y, to 13.55 million bpd, a 4-month high. Also, China's crude processing rose to a record for a second straight month, after China's November crude processing climbed to 14.26 million bpd refined.
- ▲ OPEC President, Abdelmajid, has said that OPEC must be "very cautious", when raising crude production, and shouldn't rush to increase crude output early next year, with global energy demand still fragile from the Covid pandemic. Crude oil is likely to find support from these comments.
- ▲ Meanwhile, the International Energy Agency (IEA) on Tuesday has said that global energy "demand is clearly going to be lower for longer than expected", as it cut its global 2020 and 2021 crude demand forecasts. The IEA cut its 2020 global crude demand forecast to 91.2 million bpd,

from 91.3 million bpd, and cut its global 2021 crude demand forecast to 96.9 million bpd, from 97.1 million bpd. The IEA also said that a global 625 million bbl crude oil glut would not be cleared until December 2021.

Outlook

- ▲ WTI Crude oil prices for January expiry contract is likely to find support near the 20-days EMA at \$45.15 per barrel, and the 50-days EMA at \$43.17 per barrel. Meanwhile, critical resistance is seen around \$48.20 per barrel, and \$49.20 per barrel.

INCREASED OPTIMISM OVER STIMULUS HAS PUSHED GOLD HIGHER

- ▲ Gold prices rallied, on the back of dollar weakness and hopes that U.S. lawmakers will pass a pandemic aid package. The worsening Covid pandemic is likely to provide support to precious metals. The market is hoping that Congress will at least pass the first bill to get the bulk of the pandemic aid into gear before year-end.
- ▲ Meanwhile, dovish ECB comments are also supportive for gold. ECB Governing Council member, Rehn, has said "the Governing Council stands ready to use and adjust all of its instruments, as appropriate, to ensure that inflation moves toward its aim in a sustained manner." Also, ECB Governing Council member, Vasiliauskas, has said, "it's likely that the hard lockdown in Germany will have an impact on the numbers of the Eurozone."
- ▲ Concerns over the pandemic are providing support to precious metals. The overall number of global coronavirus cases has topped 73 million, while the deaths have surged to more than 1.62 million, according to the Johns Hopkins University.

Outlook

- ▲ Gold prices are likely to find support at the 200-days EMA at \$1,819 per ounce, while key resistance is likely to be seen around \$1,905 per ounce - \$1,958 per ounce.

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