

---

Gold is trading firm  
Copper prices are likely to trade firm  
OPEC+ Joint Technical Committee reported a gloomier fuel demand outlook

---

## GOLD IS TRADING FIRM

- ▲ Gold prices are holding firm above \$1,900, on US stimulus hopes. U.S. House Speaker, Nancy Pelosi, raised hopes for a coronavirus relief package before the presidential election. However, Pelosi acknowledged an agreement would have to come within 48 hours for that to happen.
- ▲ Meanwhile, according to the CFTC Commitments of Traders report for the week ended October 13, Gold futures' NET LENGTH slumped -7,916 contracts to 240,671, as short positions rose rapidly by +13,980 contracts.
- ▲ On the economic data front, U.S. September retail sales rose +1.9% m/m, stronger than expectations of +0.8% m/m. Also, September retail sales (ex-autos) rose +1.5% m/m, stronger than expectations of +0.4% m/m. In addition, the preliminary-October University of Michigan U.S. Consumer Sentiment Index rose +0.8, to a 7-month high of 81.2, stronger than expectations of +0.1, to 80.5. September manufacturing production unexpectedly fell -0.3% m/m, weaker than expectations of +0.6% m/m, and the first decline in 5 months.
- ▲ Dovish comments on Friday from the ECB Governing Council member, Rehn, were supportive for bullion prices. He said that "inflation risks are on the downside," and adding ample monetary stimulus remains necessary.

## Outlook

- ▲ Safe-haven demand and dovish central bank expectations are likely to provide support to gold prices. However, strength in the Dollar Index from current levels is likely to keep a lid on prices. Gold prices are likely to find support near the 100-days EMA at \$1,880. Meanwhile, key resistance is seen around \$1,949-\$1,973 levels.

## COPPER PRICES LIKELY TO TRADE FIRM

- ▲ Copper prices are holding near \$6,737 per ton on positive demand outlook.
- ▲ China's GDP data missed forecasts. China's Gross Domestic Product (GDP) grew 4.9% in July-September from a year earlier, slower than the median forecast of 5.2%. Meanwhile China's central bank Governor, Yi Gang, said on Sunday that the Chinese economy will likely expand by about 2% this year.
- ▲ However China's monthly indicators beat forecasts - industrial output accelerated 6.9% in September, from a year earlier, against market forecast of a 5.8% gain. It was a rise of 5.6% in August. Retail sales also edged up 3.3% last month, from a year earlier, against expectations of a 1.8% growth.
- ▲ Meanwhile, the union of supervisors at BHP's Escondida mine in Chile has reached an agreement on a labour deal, averting the threat of a strike at the world's largest copper deposit. It is negative for copper prices.
- ▲ Copper prices are also trading firm on hopes of a U.S fiscal package before the U.S. presidential elections next month, and expectations of a coronavirus vaccine by the end of this year.

- ▲ Copper inventory at LME monitored warehouses increased by 15,975 mt, as on October 16<sup>th</sup>. In the last one month, LME copper inventory has increased by 105,950 mt, which is 86% of the total LME-registered stocks at 184,850 mt on October 16.

▲

## Outlook

- ▲ Copper prices are likely to trade firm on positive Chinese demand, and stimulus hopes in the USA. LME 3 month contract is likely to find support around the 50-days EMA at \$6,584, and the 100-days EMA at \$6,378. Meanwhile, an immediate resistance level could be seen around \$6,990-\$7,208 levels.

---

## OPEC+ JOINT TECHNICAL COMMITTEE REPORTED A GLOOMIER FUEL DEMAND OUTLOOK

---

- ▲ Crude oil prices are near \$40.92 per barrel. Prices are likely to remain under pressure, as last week's meeting of the OPEC+ Joint Technical Committee, reported a gloomier fuel demand outlook, because of fears that a prolonged second wave of the COVID-19 pandemic.
- ▲ The JMMC may decide whether it will delay plans to reduce its current supply cuts of 7.7 million barrels per day (bpd), by 2 million bpd, starting in January.
- ▲ Furthermore, a jump in Libyan output could also push the oil market into surplus next year. Libya's National Oil Corp. lifted force majeure on its Sharara crude field, the country's biggest, and increased its daily output to 110,000 bpd, which has helped push total Libyan crude production to around 500,000 bpd.
- ▲ Meanwhile crude oil supply is likely to remain higher in the US as well. Energy firms in the U.S. last week added the most oil and natural gas rigs since January. Baker Hughes reported on Friday that the number of oil rigs in the United States rose by 12, to 205.
- ▲ According to the CFTC Commitments of Traders report for the week ended October 13, net long for crude oil futures added +1,261 contracts to 472,797 for the week. Speculative long positions declined -7,854 contracts, while shorts also fell -9,115 contracts.

## Outlook

- ▲ We expect that demand concerns due to covid pandemic, and increasing supply from OPEC nations is likely to keep oil prices under pressure. WTI crude oil prices are likely to find support around \$38.45-37.80 per barrel. Meanwhile, stiff resistance could be seen around \$41.97-43.08 per barrel.

---

## DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: [info@abans.co.in](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

---

### Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website [www.abans.co.in](http://www.abans.co.in) Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
  - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

### Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on [compliance@abans.co.in](mailto:compliance@abans.co.in)