

---

Rising production likely to keep oil prices lower  
Copper prices to trade negative  
Gold is likely to get direction from the US presidential election outcome

---

---

**RISING PRODUCTION LIKELY TO KEEP OIL PRICES LOWER**

---

- ▲ Crude oil prices have declined nearly 14% in October 2020, from the previous month, due to increasing oil production in OPEC and Non-OPEC producers. Loss of demand due to the coronavirus pandemic has also affected the prices.
- ▲ The Covid pandemic in the US and Europe will keep people movement limited, and curb demand for auto and aviation fuel. Surging Covid infections in Europe have forced Germany and France, Europe's two largest economies, to impose fresh lockdown measures.
- ▲ Petro-Logistics estimates that OPEC crude supply compliance is likely to have dropped by 500,000 bpd in October. Petro-Logistics says compliance by OPEC's ten members participating in the crude output cuts, has averaged only 80% since the agreement started in May. A drop in compliance is also negative for crude oil prices. According to a Reuters report, rising supplies from Libya and Iraq have offset production cuts by other OPEC's members, and caused the group's output to rise for a fourth month in October.
- ▲ Meanwhile on the economic data front, US September personal spending rose +1.4% m/m, stronger than expectations of +1.0% m/m. Also, September personal income rose +0.9% m/m, stronger than expectations of +0.4% m/m. In addition, the final-Oct University of Michigan U.S. consumer sentiment index rose +0.6, to a 7-month high of 81.8, stronger than expectations of remaining unchanged at 81.2. Eurozone Q3 GDP expanded at a record +12.7% q/q pace (data from 1995), stronger than expectations of +9.6% q/q. Also, Japan's September industrial production rose +4.0% m/m, stronger than expectations of +3.0% m/m.
- ▲ Ramped-up crude output in Libya is a major bearish factor for crude prices. Libya's crude production has risen to 690,000 bpd, from less than 100,000 bpd in early September. Libya holds Africa's largest oil reserves.
- ▲ Friday's data from Baker Hughes has shown that active U.S. oil rigs rose by +10 rigs in the week ended October 30, to a 5-month high of 221 rigs, moving further above August's 15-year low of 172 rigs.
- ▲ According to the CFTC Commitments of Traders report for the week ended October 27, net long for crude oil futures declined -18258 contracts to 472,090 for the week. Speculative long positions dropped -4,919 contracts, while shorts soared +13,339 contracts.

**Outlook**

- ▲ WTI crude oil prices are likely to find stiff resistance near \$38.7-\$41.47 per barrel, while key support levels are found near \$33.87 and \$31.95 per barrel.

---

**COPPER PRICES TO TRADE NEGATIVE**

---

- ▲ Uncertainty due to the coronavirus, and the presidential election, is keeping copper prices lower. SHFE Copper prices were trading at three-month lows. Prices of metals prices are also under pressure, due to the rising number of coronavirus cases across the globe. New lockdown announcements by prominent countries, in order to prevent the spread, are likely to reduce the demand for metals.
- ▲ A private survey showed on Monday that China's manufacturing sector expanding for the

sixth straight month in October. The Caixin/Markit Purchasing Managers' Index (PMI) for Chinese manufacturing came in at 53.6 for October, higher than the 53.0 forecast by a Reuters poll. Meanwhile China's official manufacturing Purchasing Managers' Index (PMI) for October came in at 51.4, which was slightly lower than the 51.5 reading in September.

- ▲ Production halt at mines is likely to keep copper prices firm. The suspension of operations at Chile's Candelaria copper mine continued on Friday, with no signs of a resolution in a contractual dispute between the company and two workers' unions.
- ▲ Copper inventory at LME monitored warehouses have dropped by -1,325 mt, as on October 30th. LME inventory now stands at 171,300 mt, which have dropped by 99,025 mt in the last one year, but have increased nearly 42,075mt in the last three months, as on October 30th.

## Outlook

- ▲ LME 3 month contract is likely to find support around the 50 days EMA at \$6,664, and the 100-days EMA at \$6,444 per mt. Meanwhile, an immediate resistance level could be seen around \$6,883-\$7,031 per mt.

---

## GOLD IS LIKELY TO GET DIRECTION FROM THE US PRESIDENTIAL ELECTION OUTCOME

---

- ▲ Gold prices are slightly higher from Friday, but still below the \$1,900 level, due to uncertainty over the US presidential election. Meanwhile, gold is getting support at lower levels, due to safe-haven demand, after the number of coronavirus cases have increased, and a second wave of lockdown measures is starting in many prominent cities of the world.
- ▲ On the coronavirus front, U.K. Prime Minister, Boris Johnson, announced on Saturday that England will adopt a second national lockdown starting Thursday, following a surge in virus cases. The U.S. has also been dealing with a recent spike in infections.
- ▲ Uncertainty still continues over US presidential election results, although Democrat, Mr. Joe Biden, holds a commanding national lead over President Donald Trump, but President Trump has stayed competitive in the swing states.
- ▲ Friday's U.S. economic data was bearish for gold, and supportive for the US Dollar. US September personal spending rose and consumer sentiments have also increased significantly. Event GDP data from Eurozone is also negative for gold prices.
- ▲ However, comments from ECB Vice President, Guindos, were bullish for gold. He has said that the outlook has dimmed for the Q4 growth in the Eurozone, because of Europe's heightened restrictions to stem the spread of Covid. Mr. Guindos has said that the ECB's current baseline forecast is for Eurozone Q4 GDP to expand by +3.1%.

## Outlook

- ▲ Gold prices are likely to find support near the 100-days EMA at \$1,882 per ounce, and the 200-days EMA at \$1,805 per ounce. Meanwhile, key resistance is seen around \$1,930-\$1,948 per ounce. Gold prices are likely to get fresh direction from the outcome of the US election results.

---

## 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)