
Gold prices to remain firm

Oil prices to remain negative, facing key resistance near \$43.44 level

Copper – momentum on the upside

GOLD PRICES TO REMAIN FIRM

- ▲ Gold prices are trading weak near \$1938 per ounce following recovery in US dollar, although it may bounce from low levels following US jobs data. Data on Thursday showed number of unemployment benefits rose unexpectedly back above the 1 million mark last week.
- ▲ Gold is receiving safe-haven demand, due to an increase in coronavirus cases globally. More than 22.56 million people have been reported to have been infected by the COVID-19 globally, and 787,814 have died
- ▲ Fed minutes for July 28-29 meeting was published on Wednesday. It showed that the Fed is concerned about economic recovery, which is on a very uncertain path.
- ▲ On other economic data front, Japan's core consumer prices were unchanged in July, from a year earlier. The Core Consumer Price Index, which includes oil products, but excludes fresh food prices, compared with economists' median estimate, for a 0.1 percent annual gain.
- ▲ Geopolitical tensions around US-China and Iran are keeping gold prices firm. The Trump administration declined to acknowledge any plans to meet with China over the Phase 1 trade deal. The US announced that it has suspended its extradition treaty with Hong Kong, and ended its reciprocal tax treatment on shipping with Hong Kong. Gold prices also found support from geopolitical tensions in Iran, which claimed to have two new long range missiles.

Outlook

- ▲ Gold prices may remain firm, and a key support level is seen around the 50-days EMA at \$1,904, and the 100-days EMA at \$1,824. Meanwhile, an immediate resistance could be seen around \$1,980-\$2,037 levels.

OIL PRICES TO REMAIN NEGATIVE, FACING KEY RESISTANCE NEAR \$43.44 LEVEL

- ▲ Crude oil prices were trading nearly 1% lower on Thursday, around \$42.77 per barrel, after weak US jobs numbers, and supply worries over the OPEC meeting. Crude also remain negative, due to strength in the US dollar.
- ▲ OPEC+ has said on Wednesday, that the pace of the oil market recovery appeared to be slower than anticipated, with growing risks of a prolonged second wave of the pandemic. According to a Reuters report, some OPEC+ members would need to cut output by an extra 2.31 million barrels per day (bpd) to make up for recent oversupply. Crude exports from Saudi Arabia extended a decline in June to the lowest on record.
- ▲ Oil prices traded down, after the release of US jobless claims; unemployment benefits rose back above 1 million last week.
- ▲ Demand side will be affected due to an uptick in virus infections in Europe. France, Spain, and Austria are reporting the highest Covid infection rates in several months.
- ▲ Negative trend in crude is also supported by a drop in US oil inventory, less than market

expectations. US oil inventories, last week, fell by only -1.632 million bbls, which was less than expectations of a decline of -2.85 million bbls.

Outlook

- ▲ Crude oil prices may trade negative, following supply worries from OPEC+ members, and weakness in the world economy, due to the coronavirus pandemic. It may find strong support around the 20-days EMA at \$41.93, and the 50-days EMA at \$39.14; meanwhile key resistance levels could be seen around \$43.44 and \$44.85 levels.

COPPER – MOMENTUM ON THE UPSIDE

- ▲ Copper continues to trade near the highest level since June 2018, on the back of improved demand from China. Copper closed inventory stocks in LME warehouses at 13-year lows of 104,425 tons, and has stirred up worries about copper supplies, one of the major reasons, why the cash copper contract has traded at a premium over the 3-month rolling forward contract, since early July.
- ▲ Chile's miner, Antofagasta, maintained its dividend, and restarted growth projects, even after lower copper prices pushed its first-half earnings down by 22%. Antofagasta's operations have been run with about two-thirds of the normal workforce, due to the coronavirus pandemic. Its expansion of Los Pelambres has got delayed.
- ▲ According to China's customs data, China's unwrought copper imports in July, increased 81% YoY, to 762,211 tons, and gained 16%, MoM.
- ▲ On the inventory side, on warrant Inventory at SHFE declined by 73%, from 216,414 mt, on 1st April 2020, to 58,738 mt, on 20th August 2020, while at LME, the inventory declined by 71%, from 177,250 mt, to 51,850 mt, during the same time period. With a draw down in the inventory in both exchanges, it indicates that consumption has picked up in the ongoing Covid-19 unlock, and demand is rising.

Outlook

- ▲ Copper continues to rise, and currently is trading above the 20-day SMA, and near the upper Bollinger Band, and momentum indicators are trading in the positive territory, suggesting it could gain further. The metal could rise towards 6,690 & 6,750 levels, and can find support at 6,460 & 6,335 levels, in the coming days.

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