
Gold prices rallied above \$1,900
Crude oil prices fell due to the worsening coronavirus pandemic
Copper prices are likely to trade firm

GOLD PRICES RALLIED ABOVE \$1,900

- ▲ Gold prices jumped after the long-awaited U.S. fiscal stimulus deal had been reached. U.S. Congressional leaders reached an agreement on a \$900 billion COVID-19 stimulus package on Sunday, with votes likely on Monday.
- ▲ Gold prices are rallying since the Fed meeting last week, after the Fed vowed to keep funneling cash into financial markets, and keep rates low, until a US economic recovery is secure. Gold found additional support after US congress leaders reached an agreement on stimulus.
- ▲ Meanwhile, speculators upped their bullish positions in COMEX gold and silver contracts in the week upto December 15, data showed on Friday. Net long for gold futures increased by +2,364 contracts to 271,584 for the week. Speculative long positions increased by +2,339 contracts, while shorts declined -25 contracts.
- ▲ On economic data front, US November leading indicators rose +0.6% m/m, slightly stronger than expectations of +0.5% m/m. Also, the German December IFO business climate index unexpectedly rose +1.2, to 92.1, stronger than expectations of -0.7, to 90.0.
- ▲ The worsening pandemic is curbing global economic growth, and this is likely to keep gold prices firm. The overall number of global coronavirus cases has topped 76.7 million, while the deaths have surged to more than 1.69 million, according to the Johns Hopkins University.

Outlook

- ▲ Gold prices are likely to find support at the 20-days EMA at \$1,863 per ounce, while key resistance is likely to be seen around \$1,920 per ounce \$1,963 per ounce.

CRUDE OIL PRICES FELL DUE TO THE WORSENING CORONAVIRUS PANDEMIC

- ▲ Oil prices slid, seeing the worsening covid pandemic situation, after the UK announced strict measures to prevent the spread of the deadly coronavirus, and many countries also blocked flights from the UK. British Prime Minister, Boris Johnson, is likely to chair an emergency response meeting to discuss international travel, in particular the flow of freight in and out of Britain as Covid-19 cases increase. This will reduce fuel consumption, and will be negative for crude oil prices.
- ▲ Iraq's central bank increased the sale price of U.S. dollars to banks and currency exchanges to 1,460 dinars, from 1,182 dinars, seeking to compensate for a decline in oil revenue, due to the low crude prices. The devaluation decision came as a preemptive move to prevent "draining Iraq's foreign reserves". Iraq depends on oil revenue for 95 percent of its income. The last devaluation was in December 2015, when it raised the sale price of U.S. dollars to 1,182 dinars, from 1,166.
- ▲ According to the CFTC Commitments of Traders report for the week ended December 15, net long for crude oil futures decreased -825 contracts to 513,804 for the week. Speculative long positions fell -6,539 contracts, while shorts declined -5,714 contracts.
- ▲ Baker Hughes on Friday reported that the number of active U.S. rigs drilling for oil rose by 5, to 263 this week. The total active U.S. rig count, which includes those drilling for natural gas, was

also up by 8, to 346, according to Baker Hughes.

Outlook

- ▲ WTI Crude oil prices for the January expiry contract are likely to find support near the 20-days EMA at \$46.17 per barrel, and the 50-days EMA at \$43.94 per barrel. Meanwhile, a critical resistance is seen around \$49.06 per barrel, and \$50.00 per barrel.

COPPER PRICES ARE LIKELY TO TRADE FIRM

- ▲ London copper dipped on Monday from a key \$8,000 per tonne level, after a seven-week rally, following strength in the Dollar Index. The worsening covid pandemic situation is also negative for base metals demand. However, positive economic data from US and China is likely to provide support to the Copper prices.
- ▲ Copper is likely to find support from the US stimulus deal.
- ▲ Copper inventory at LME alone has dropped nearly 36,800 mt in the last one month, which is 29% of the current stock at 123,400 mt, as on 18th December, 2020.
- ▲ Copper prices are likely to find support, on the back of increasing optimism about China's economic conditions. China's top policymakers have pledged to continue "necessary support" for the nation's economic recovery, and will make "no U-turn", when there are still many outlook uncertainties, due to the coronavirus pandemic and the external environment, according to the Central Economic Work Conference, which concluded on Friday.
- ▲ As per the official data from the National Bureau of Statistics, China's refined copper output rose 19.6%, year-on-year, to a record monthly high of 909,000 mt in November, which was 4.7% higher than the previous peak in October.

Outlook

- ▲ LME 3 month contract is likely to find support around the 10-days EMA at \$7,836 mt, and the 20-days EMA at \$7,670 per mt. Meanwhile, an immediate resistance level could be seen around \$8,182-\$8,284 per mt.

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