
Uncertainty over US stimulus is keeping copper prices under pressure
Gold prices likely to remain under pressure following strength in the Dollar Index
Oil prices to remain under pressure

UNCERTAINTY OVER US STIMULUS IS KEEPING COPPER PRICES UNDER PRESSURE

- ▲ Copper prices are trading negative near \$6,870 per ton, from the last two days, after hitting a high of \$7,033 per ton on October 21st. Strength in the US dollar against other currencies, along with speculation hopes for a stimulus in the US, are keeping metals prices under pressure.
- ▲ Copper inventory at LME monitored warehouses dropped by -1,025 mt, as on October 22nd. In the last one month, LME copper inventory has increased by 102,325 mt, which is 56.6% of the total LME-registered stocks at 180,625 mt on October 22nd.
- ▲ The International Wrought Copper Council revised up its copper demand forecasts for this year, and the next, as consumption starts to recover from the coronavirus, but is still projecting a first annual drop in more than a decade in 2020.
- ▲ Copper will receive additional support from China's five-year plan to support and enhance its economy. China's top leaders will chart the country's economic course for the period 2021-2025, at a key meeting starting on Monday, seeking to balance growth and reforms, to avoid stagnation, amidst an uncertain global outlook, and deepening tensions with the United States.
- ▲ Copper is also likely to find support from the IMF's projection about China's growth prospects. China is one of the few Asian economies expected to grow this year, with the IMF upgrading its 2020 growth forecast to 1.9%, from its June projection of 1%.
- ▲ Focus is shifting towards the US presidential election. The Democratic presidential candidate, Joe Biden, has said that he plans to spend \$2 trillion on EV infrastructure, and other green projects should he win. The US Democratic presidential candidate also supports bipartisan efforts to foster a domestic supply chain for lithium, copper, rare earths, nickel, and other strategic materials that the United States imports from China, and other countries

Outlook

- ▲ LME 3 month contract is likely to find support around the 50-days EMA at \$6,639, and the 100-days EMA at \$6,416. Meanwhile immediate resistance levels could be seen around \$7,208-7,321.

GOLD PRICES LIKELY TO REMAIN UNDER PRESSURE FOLLOWING STRENGTH IN THE DOLLAR INDEX

- ▲ Gold prices are trading near \$1909; strength in the Dollar Index is likely to keep the prices of metals prices under pressure. Gold prices may remain under pressure, if the US fails to come out with a relief package before the election. The U.S. House Speaker, Nancy Pelosi, on Thursday, has said that negotiators were making progress in talks with the White House over a new coronavirus fiscal aid package, and a deal could be reached "pretty soon". White House Economic Adviser, Larry Kudlow, however cautioned that there were still "significant policy differences", which were unlikely to be resolved before the election.
- ▲ On the economic data front, U.S. data showed that weekly jobless claims dropped more than

expected, while home sales surged to a more than 14-year high in September. U.S. weekly initial unemployment claims fell -55,000, to 787,000, showing a stronger labour market, than expectations of 870,000. Also, September existing home sales rose +9.4%, to a 14-1/4 year high of 6.54 million, stronger than expectations of 6.30 million. In addition, September leading indicators rose +0.7% m/m, stronger than expectations of +0.6% m/m.

- ▲ Britain and the European Union began intensified daily talks on Thursday, in a final push for a Brexit deal.

Outlook

- ▲ Gold is finding support from speculation over the US stimulus, and the election. Meanwhile, strength in the Dollar Index is keeping prices under pressure. Gold prices are likely to find support near the 100-days EMA at 1,882. Meanwhile, key resistance is seen around \$1,949-\$1,973 levels

OIL PRICES TO REMAIN UNDER PRESSURE

- ▲ WTI Crude oil prices are at \$40.40 per barrel, and are likely to remain under pressure, following a weak demand outlook from Europe and the UK, on new travel restrictions.
- ▲ New daily COVID-19 infections are hitting records in several U.S. states, and in Europe, new lockdowns measures are affecting fuel demand. China is also preventing outbound travel to stop the spread of the disease.
- ▲ Hopes of an US economic stimulus package dimmed late on Wednesday, after President Donald Trump accused Democrats of holding up a compromise deal.
- ▲ Meanwhile, according to the EIA weekly report released on Wednesday, U.S. gasoline stocks rose by 1.9 million barrels in the week up to October 16, compared with expectations for a 1.8 million-barrel drop. Overall, product supplied averaged 18.3 million barrels per day in the four weeks up to October 16, which was down 13% from the same period a year earlier.
- ▲ Rising production from Libya is likely to keep oil prices under pressure, and its exports are quickly accelerating into October. Libya has seen production recover to about 500,000 barrels per day, and the government in Tripoli expects that to double by the year-end.
- ▲ Meanwhile, Goldman Sachs is predicting average Brent prices rising from \$43.9 per barrel this year, to \$59.4 next year, and WTI from \$40.1, to \$55.9 per barrel.

Outlook

- ▲ WTI crude oil prices are likely to find stiff resistance near \$42.65 and \$44 levels, while key support levels are found near \$39.5 and \$37.2 levels.

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