
Gold prices jumped to record highs
WTI Oil prices could face stiff resistance near \$44.14-45.65 levels
Nickel near a breakout zone

GOLD PRICES JUMPED TO RECORD HIGHS

- Gold prices have breached the previous high of 1,911.60, and surpassed this high in Asian trading session. The Gold rally is supported by intensifying US-China trade tensions, and a weakness in US Dollar Index, which is trading near two-year lows.
- Worsening coronavirus situation, and US-China trade tensions are likely to keep the economic situation under pain, and central banks are likely to continue pumping out stimulus measures to ease the economic pain from a worsening coronavirus pandemic. Nearly 16.13 million people have been affected by the deadly coronavirus, and the number of 644,836 deaths is likely to drive expectations of more stimulus measures globally to ease the economic blow.
- The Fed meeting this week could provide additional direction to gold prices. The Federal Reserve is buying treasuries to help stabilize the economy. The Fed may keep interest rates unchanged, but could guide the future course of action in their upcoming meeting.

Outlook

- Gold prices are likely to continue the bullish move, as gold stays above the technical support levels around \$1,877-\$1,898 per ounce, on the backdrop of stimulus hopes from the US, trade war with China, and rising Covid-19 cases globally. The US Federal Reserve meeting this week could provide further direction to the market.

WTI OIL PRICES COULD FACE STIFF RESISTANCE NEAR \$44.14-45.65 LEVELS

- Oil prices are holding in a range near the \$40 per barrel, but are expected to trade negative on concerns of rising coronavirus cases, and tensions between the United States and China.
- Oil fields remained unaffected by the storm Hanna, and oil operations in Texas and Mexico are likely to run smoothly.
- The U.S. oil and gas rig count fell by 2 to an all-time low of 251 for the week ending July 24, according to Baker Hughes Co, which tracks oil and gas rigs.
- Crude oil prices are likely to remain under pressure, as Russian oil exports from its western ports are set to rise 36% in August from July (Reuters).
- Saudi Arabia remains the highest oil exporter to China in June. According to data, Saudi Arabia supplied nearly 17% of Chinese total oil imports in June, which was 2.16 million barrels per day.

Outlook

- WTI Crude oil prices are trading in a tight range, on the hopes of a fresh stimulus from the US, and the EU stimulus, which was announced last week. These stimulus measures could revive economic conditions, and will infuse fresh demand. However, an increase in US oil production and inventory is keeping a lid on oil prices. Crude oil prices are likely to find resistance around \$44.14-\$45.65 levels, while key support is seen near \$39.07-\$37.80 per barrel.

NICKEL NEAR A BREAKOUT ZONE

- Nickel has risen to the highest levels since January 2020, as the demand outlook for the metal has improved in the middle of China's stimulus, and improving demand from battery manufacturers.
- Mr. Elon Musk, a few days back, made comments on Nickel during his second quarter earnings call - "Miners will be offered a giant contract from Tesla, if they mine nickel efficiently and in an environmental way, please mine more nickel, wherever you are in the world, please mine more nickel, and don't wait for nickel to go back to some long — some high point that you experienced some five years ago.". This is a clear indication from one of the primary electric vehicle manufacturer, Tesla, that the industry would need a significant amount of the metal in the future.
- On the inventory side: Inventory at SHFE increased by 13% from 27,538 mt on 1st April 2020 to 31,136 mt on 24th July 2020, while at LME, the inventory increased by 2.34% from 174,108 mt to 178,182 mt during the same time period.

Outlook

- Nickel has found support near the 20-day SMA, as mentioned in the previous report; it is currently trading at the upper Bollinger Band; a break above which could increase the bullish momentum for the metal. Going forward, we expect the metal to rise further towards \$14,200 & \$14,600 levels, while support is seen around \$13,400 & \$13,000 levels,

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