
Copper prices are likely to trade firm
Gold prices are likely find support from worsening pandemic
WTI Crude oil may trade in range of \$46-\$49 this week

COPPER PRICES ARE LIKELY TO TRADE FIRM

- ▲ Metals prices rose after US President Donald Trump on Sunday signed a \$2.3 trillion pandemic aid and spending package that would support the economy. It is likely to boost demand for base metals. LME is closed today while SHFE copper contract is trading higher following positive news.
- ▲ Meanwhile, as per Reuters report, China's copper smelter group lowered its floor treatment and refining charges (TC/RCs) by 8.6% quarter-on-quarter for the first quarter of 2021. The first-quarter floor is set at \$53 per tonne and 5.3 cents per lb, compares to \$58 per tonne and 5.8 cents per lb for the fourth quarter of 2020 and to \$67 per tonne and 6.7 cents per lb a year earlier.
- ▲ Copper prices are likely to trade firm as following increase in China's industrial profits which is growing steadily as economy cements recovery. The profits of China's major industrial firms totalled 729.32 billion yuan (about 111.63 billion U.S. dollars) in November, increasing by 15.5 percent year on year, data from the National Bureau of Statistics (NBS) showed Sunday.
- ▲ Meanwhile, China's November imports of copper concentrate from Australia plunged due to trade dispute. Arrivals of copper concentrate from Australia into China, the world's biggest copper consumer, were 26,717 mt, which was down 34% from October and down 77.8 per cent from a year earlier.
- ▲ Copper inventory at LME alone have dropped nearly 38,725 mt in last one month which is 33.3% of current stock at 116,100mt as on 24th Dec 2020. Meanwhile Copper inventory at SHFE have dropped near 14,334mt which is 48.9% of current stock at 29,304mt.

GOLD PRICES ARE LIKELY FIND SUPPORT FROM WORSENING PANDEMIC

- ▲ Gold prices jumped after US President Donald Trump signed into law a long-awaited pandemic aid bill. Gold prices also found support from weakness in dollar index.
- ▲ Meanwhile, Physical gold discounts rose in India due to weak physical demand albeit demand in Singapore and other Asian hubs remained firm. In India, dealers were offering a discount of \$2 an ounce this week over official prices, inclusive of 12.5% import and 3% sales levies, up from last week's \$1. In China, discounts narrowed to \$15-\$20 an ounce, versus last week's \$16-\$20, while in Hong Kong, premiums of \$0.50-\$1.50 were being charged from last week's \$0.50. In Singapore, gold was being sold at a premium of \$0.90-\$1.20 an ounce over global benchmark prices, compared with \$0.80-\$1.30 last week. Physical Gold demand from China, Hon Kong and Singapore is likely to keep gold prices firm.
- ▲ The worsening pandemic is curbing global economic growth and likely to keep gold prices firm. A mutated strain of Covid is spreading throughout the UK, which prompted the British government to impose a full lockdown in London. The overall number of global coronavirus cases has topped 80.7 million, while the deaths have surged to more than 1.76 million, according to the Johns Hopkins University.

- ▲ On economic data on Thursday's Japan Nov PPI services prices index fell -0.6% y/y, right on expectations and the steepest pace of decline in 10 years.

Outlook

- ▲ Gold prices are likely to find support at 20 days EMA at \$1869 per troy ounce and 200 days EMA at \$1824 levels while key resistance is likely to be seen around \$1920 per troy ounce - \$1963 per troy ounce.

WTI Crude oil may trade in range of \$46-\$49 this week

- ▲ Crude oil prices are trading near \$48.20 is likely to trade in range of \$46-\$49 in absence of any new fundamental changes.
- ▲ Saudi Arabia's Energy Ministry on Sunday announced the discovery of four new oil and gas fields, state news agency SPA reported. State oil producer Aramco have discovered oil in the Al-Ajramiyah well, northwest of the city of Rafhaa, with tests showing a rate of 3,850 barrels per day (bpd). Also, Non-conventional oil was found in the al-Reesh oilfield, northwest of the city of Dhahran.
- ▲ EIA data showed that U.S. crude oil inventories as of December 18 were +10.9% above the seasonal 5-year average, gasoline inventories were +3.4% above the 5-year average, and distillate inventories were +9.6% above the 5-year average. U.S. crude oil production in the week ended December 18 was unchanged w/w at 11.0 million bpd and down by -2.1 million bpd (-16.0%) from February's record-high of 13.1 million bpd.
- ▲ The prospect for additional Libyan and Iranian crude oil on the global market is negative for crude prices. Iranian Oil Minister Zanganeh last Monday said that Iran "does not need permission" from fellow OPEC members to increase its oil production. During November, Libya's daily crude output had climbed to 1.25 million bpd, the highest in 10 months. Libya's NOC said that Libya is targeting production of 1.3 million bpd by the beginning of 2021.

Outlook

- ▲ WTI Crude oil prices for January expiry contract is likely to find support near 20 days EMA at \$46.74 per barrel and 50 days EMA at \$44.50 per barrel meanwhile critical resistance is seen around \$49.00 per barrel and \$50.00 per barrel.

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