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**Bullish trend to continue in Copper**  
Demand optimism to support Crude oil prices

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## BULLISH TREND TO CONTINUE IN COPPER

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- ▶ Copper prices touched a multiyear high of \$9999.25 in early hours today and currently holding near \$9941. Copper prices have more than doubled from March 2020. Copper prices crashed to a multi-year low in March 2020 to \$4371 and rallied approximately 127% in 14 Months. Copper prices are likely to stay firm on increasing economic optimism in the world economy.
- ▶ The Ultra-loose policy stance by US Federal Reserve is likely to keep supporting industrial metals demand and copper prices. US economic condition is likely to improve in the near future. FOMC said, "amid progress on vaccinations and strong policy support, indicators of economic activity and employment have strengthened." The FOMC also said "risks to the economic outlook remain," softening the previous language that mentioned "considerable risks."
- ▶ Meanwhile, Goldman Sachs forecast copper would average \$9,675 a tonne in 2021, \$11,875 a tonne in 2022, and \$12,000 a tonne in 2023.
- ▶ Copper prices also found from a threat of strikes at copper mines in Chile. Workers at major ports and copper mines in Chile are joining a nationwide protest over pensions policy this week that is set to end with a day-long stoppage on April 30. Around 8,000 workers at 25 port terminals, including San Antonio, Valparaiso, and Antofagasta, are expected to join a weeklong protest, according to the Chilean Port workers Union. Chileans have withdrawn more than \$36 billion from their privately-run pension funds since last August, leaving millions with no savings for their retirement. The strike is likely to have a significant effect as Chile produced 5.8 million mt of metal last year and is the largest producer of Copper.
- ▶ Positive economic data from China is also supportive of industrial metals demand. As per Bloomberg report, China's economy continued to boom in April from the record growth in the first quarter, with strong exports and rising business confidence supporting the recovery.
- ▶ However, increasing inventory at LME and SHFE is indicating a drop in physical demand in the last 30 days. LME copper warehouse stock now stands at 147325mt as of April 29, which has increased by 11.6% or 15275mt in the last 30 days. SHFE copper warehouse stock now stands at 130560mt as of April 29, which has increased by 16.5% or 18529mt in the last 30 days. Also, Increasing Covid-19 cases in India, Japan, and Brazil are likely to limit the current rally in industrial metals.

### Outlook

- ▶ Demand optimism and strike threat in Chile is likely to keep LME copper prices firm. It may trade positive while above the key support level of \$9752-9647 while it may face resistance around \$10105

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## DEMAND OPTIMISM TO SUPPORT CRUDE OIL PRICES

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- Crude oil prices continued the positive move from last week's low of \$60.66 per barrel and currently holding above \$64 per barrel. Increased demand optimism due to positive economic data is supporting crude oil prices.
- Goldman Sachs has projected that global oil consumption will surge +5.2 million BPD over the next six months, and crude prices will soar to \$80 a barrel. Goldman projects that overall crude demand will increase to 99 million BPD in Q1 versus 94.5 million BPD currently as the pace of vaccinations accelerates in Europe. Goldman estimates the easing of international travel curbs in May will boost global jet fuel demand by +1.5 million BPD.
- On economic data front, Japan Mar retail sales rose +1.2% m/m, against expectations of +0.6% m/m. However, German May GfK consumer confidence unexpectedly fell from -2.7 to -8.8, against expectations of an increase to -4.2. Economic data were mixed for crude oil demand.
- OPEC+ said they would proceed with plans to slowly revive crude production as global demand recovers from the pandemic and restart about 2.0 million BPD of daily output over the next three months, beginning with an increase of +600,000 BPD in May. The group also expects global stocks to reach 2.95 billion barrels in July, taking them below the 2015-2019 average. Oil production and oil inventory levels are likely to balance the oil market and likely to keep supporting oil prices.
- Kuwait Oil Minister Mohammad Abdulatif al-Fares said that global demand for crude oil "improved noticeably" as a result of COVID-19 vaccine rollouts and economic stimulus in major economies.
- Meanwhile, Libya's National Oil Corp (NOC) said that it is lifting force majeure at its Hariga oil port and is gradually restarting crude production there. Crude production is being restarted in Hariga after the NOC received 1 billion dinars (\$224 million) from the government to maintain oil fields and pipelines. An increase in oil production may limit the gain in crude oil prices.
- The rising number of Covid-19 cases in India, Japan, and Brazil are likely to keep oil prices under pressure. The overall global Covid-19 caseload has topped 149.1 million, while the deaths have surged to more than 3.14 million, according to the Johns Hopkins University. However robust vaccination drives in North America and Europe to boost oil demand.
- On the Inventory front, EIA crude inventories unexpectedly rose +90,000 bbl against expectations of a -500,000 bbl draw. Also, EIA gasoline supplies unexpectedly rose +92,000 bbl against expectations of a -50,000 bbl draw. However, EIA distillate stockpiles fell by -3.34 million bbl, against expectations of -1.24 million bbl. The weekly inventory report was mixed for oil prices.

### Outlook

- Crude oil prices are likely to trade firm on increasing demand optimism worldwide. It may trade firm while above key support level of 20 days EMA of \$62.31 per barrel and 50 days EMA of \$60.62 per barrel. It is likely to face stiff resistance around \$66.57 per barrel and \$67.69 per barrel.

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