
Nickel prices are up following a supply threat in Philippines
Oil prices dropped following rising COVID cases and increasing US oil inventory
Gold prices fell following strength in the Dollar and absence of US stimulus

NICKEL PRICES ARE UP FOLLOWING A SUPPLY THREAT IN PHILIPPINES

- ▲ LME Nickel prices rose to \$16,307.5 per ton, following supply worries from Philippines. Nickel Asia Corp suspended operations until November 10 at Hinatuan mine, after 19 employees tested positive for COVID-19.
- ▲ The Philippines has emerged as the main supplier of raw materials to China's nickel pig iron producers, ever since Indonesia banned exports at the start of this year. Robust demand from China, and an additional supply threat is likely to keep prices firm in the short term.
- ▲ However, the International Nickel Study Group (INSG) sees world output of primary metal at 2.436 million tonnes this year, a marginal 40,000 tonne reduction from the Group's last forecast in October 2019. Production growth will accelerate from 2.3% this year, to 6.2% next year. The Group therefore expects the refined nickel market to register a supply surplus of 117,000 tonnes this year, and another 68,000 tonnes in 2021.
- ▲ Meanwhile, nickel inventory at LME monitored warehouses increased by 372 mt on October 28th, and reached 238,524 mt. Nickel inventory has increased by 167,874mt in the last one year, which is nearly 70% of the current warehouse stock as on October 28th.

Outlook

- ▲ Nickel prices are likely to continue their positive move, while remaining above the key support level of the 20-days EMA of \$15,463. Meanwhile, a critical resistance could be seen around \$16,044 levels. Rising coronavirus cases across the globe are likely to keep a lid on prices.

OIL PRICES DROPPED FOLLOWING RISING COVID CASES AND INCREASING US OIL INVENTORY

- ▲ Oil prices fell more than 5% on Wednesday, following the rising number of covid cases, and a sharp increase in crude oil inventory.
- ▲ Surging coronavirus infections in the US and Europe are resulting in renewed lockdowns. New lockdowns are likely to affect fuel demand for the medium term. German Chancellor, Merkel, on Wednesday announced that bars and restaurants in Germany would close for a month in an attempt to curb the surge in Covid infections, and French President, Macron, ordered a new national lockdown where bars, restaurants, and non-essential retailers will be forced to close for a month. The Covid virus has now infected 44.363 million persons globally, with deaths exceeding 1.173 million.
- ▲ According to the weekly report released by the EIA, U.S. crude stockpiles have risen more than expected last week, as production surged to record levels. U.S. crude inventories jumped +4.32 million bbl, more than the expectations of +1.5 million bbl. U.S. crude production surged +12.1% w/w. However, distillate stockpiles fell -4.49 million bbl to a 5-1/2 month low, a bigger decline than expectations of -1.76 million bbl.
- ▲ Crude prices are also likely to remain lower, due to Libya's production, which is expected to rebound to 1 million barrels per day in the coming weeks. Libya's NOC has said on Monday that the action Monday marks "the end of closures at all Libyan oil fields and ports." Libya's crude production has risen to 690,000 bpd, from less than 100,000 bpd, in early September.
- ▲ Meanwhile, the downfall in oil prices was limited due to Hurricane Zeta. About 1.23 million bpd,

or 66.6% of the total US Gulf crude output, was shuttered as of mid-day on Wednesday.

Outlook

- ▲ WTI crude oil prices are likely to find stiff resistance near \$40.65, while key support levels are found near \$35.75 and \$34.50 levels.

GOLD PRICES FELL FOLLOWING STRENGTH IN THE DOLLAR AND ABSENCE OF US STIMULUS

- ▲ Gold prices fell as much as 2%, and silver nearly 6%, on Wednesday, following strength in the Dollar Index, due to safe-haven demand, and absence of US stimulus before the presidential election. U.S. President Donald Trump has said on Tuesday that an economic relief deal would likely come after the November 3 election.
- ▲ However, uncertainty over the US presidential election and low level of interest rates are likely to limit the losses in gold.
- ▲ Gold is also likely to find support from economic uncertainty, after the Eurozone is implementing fresh lockdowns.
- ▲ According to the World Gold Council (WGC), global demand for gold in the third quarter of 2020 was the lowest in 11 years, as a rush by investors to stockpile bullion slowed and central banks sold metal for the first time in a decade. Global gold demand was 892.3 mt over the July-September quarter, down 19% YoY and lowest since Q3 2009.

Outlook

- ▲ Gold prices are likely to find support near the 100-days EMA at \$1,883 per ounce, and the 200-days EMA at \$1,802 per ounce. Meanwhile, key resistance is seen around \$1,930-\$1,948 per ounce. The trend in gold is likely to remain negative, following strength in US Dollar, and failed hopes for a stimulus before the US election.

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