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Gold prices to find support at \$1,913 level  
Oil prices to remain negative on weak demand outlook  
Copper positive on better than expected Chinese Manufacturing PMI

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## GOLD PRICES TO FIND SUPPORT AT \$1,913 LEVEL

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- Gold prices are firm, and the Dollar Index fell to a more than two-year low, after U.S. President Donald Trump suggested delaying election. Gold prices also found support from mounting worries about global economic fallout from the COVID-19 pandemic. More than 17.15 million people have been reported to be infected by the novel coronavirus globally.
- On the economic data front, the U.S. GDP collapsed at a 32.9% annualized rate during the second quarter. Meanwhile, weekly jobless claims in the US have risen for a second straight week, at a total of 1.434 million. Japan's industrial output rose 2.7% in June, from the previous month, to mark the first advance in five months, government data showed on Friday.

### Outlook

- Gold prices are likely to find support near the 10-days EMA at \$1,913 per ounce, while key resistance remains around \$1,976 per ounce. The dovish Fed commentary, and poor US GDP data, is providing support to gold prices. We remain bullish on gold, but prices are trading near life time highs. Those, with long positions are advised to keep a strict stop-loss.

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## OIL PRICES TO REMAIN NEGATIVE ON WEAK DEMAND OUTLOOK

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- A second wave of coronavirus infections is looking certain around the world, which is becoming a fresh threat to oil demand.
- On the supply side, OPEC+ is collectively planning to increase production from August 1, adding about 1.5 million barrels per day to the global supply.
- According to a Reuters report, Saudi Arabia may cut its September official selling price (OSP) for crude sold in Asia, following Middle East benchmark price, and weak refining margins. Expectations of a slow demand recovery due to concerns over the second wave of COVID-19 infections, has depressed spot prices for Middle Eastern crude this month.

### Outlook

- WTI Crude oil prices are likely to remain negative, as they are facing stiff resistance around the 200-Days SMA at \$42.60 per barrel, while key support remains near the 50-Days SMA at \$39 per barrel. We expect the trend to remain negative, on account of increasing production from OPEC nations, and a weak demand outlook, due to an expected second wave of coronavirus cases.

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## COPPER POSITIVE ON BETTER THAN EXPECTED CHINESE MANUFACTURING PMI

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- Copper is trading in the green, owing to the optimistic Chinese Purchasing Managers Index (PMI) data, released by National Bureau of Statistics. PMI for July stood at 51.1, against expectations of 50.7. After recording a low of 35.7 in February, PMI has rebounded, and this is the 5th consecutive reading above 50.0, suggesting that the stimulus by the Chinese government is working pretty well.
- According to the Metals Bulletin Report, Vale Brazilian miner is expecting copper prices to remain at high levels through 2020, because it sees strong signs of demand resilience, amid expectations of reduced supply, especially from South America, the company's top executives said on Thursday July 30. "We are firm believers in the copper price uptrend," Chief Executive Officer, Eduardo Bartolomeo, told analysts and investors during Vale's second-quarter earnings conference call.
- On the inventory front, on warrant Inventory at SHFE declined by 72% from 216,414 mt on 1st April 2020, to 60,662 mt on 30th July 2020, while at LME, the inventory declined by 74.30% from 177,250 mt to 45,950 mt during the same time period. Such a draw down on the inventory front suggests that the consumption has picked up pace, indicating an optimistic price outlook.

### Outlook

- Copper has consolidated in the past few trading sessions, but continues to trade above the 20-day SMA, suggesting the trend to be positive in the medium term; we can expect it to rise from current levels. It could rise further towards 6,530 & 6,580 levels, while support is seen at 6,380 & 6,300 levels.

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