
Supply concerns from Russia and OPEC are providing support to oil prices
Gold likely to trade volatile
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Supply concerns from Russia and OPEC are providing support to oil prices

- ▲ Oil prices are trading at 5-days high, following Russia's talks of extending OPEC+ output cut till Q1 next year. Crude prices have bounced 14.92%, from the low of \$33.64, which was registered on November 2, to the current level of \$38.66.
- ▲ Russian oil companies met with Russian Energy Minister, Novak, to discuss the possibility of delaying the easing of OPEC+ crude production cuts from January until the end of Q1. Comments on Tuesday from OPEC Secretary-General, Mohammad Barkindo, were also supportive for crude prices, when he said that OPEC and its allies would "accelerate" the recovery in oil markets at their next meeting, which is scheduled for November 30-December 1. His comments suggest that OPEC+ may maintain current crude production cuts, which stand at almost 8 million bpd.
- ▲ Meanwhile, oil prices also found support from the American Petroleum Institute (API) report. It reported a major draw in crude oil inventories of 8.01 million barrels for the week ending October 30, against the market forecast of a build of 890,000 barrels. The EIA will release official inventory data later today.
- ▲ Oil production in the United States rose last week. U.S. oil production currently stands at 11.1 million bpd, according to the Energy Information Administration.
- ▲ Meanwhile, rising OPEC crude output is likely to keep a lid on the short-term rally in crude oil prices. OPEC crude production in October rose +470,000 bpd, to a 6-month high of 24.74 million bpd. Libya's daily crude output had reached 800,000 bpd, and it is targeting production of 1.3 million bpd, by the beginning of 2021. Libya's crude production has risen very sharply from 100,000 bpd in early September.

Outlook

- ▲ WTI crude oil prices are likely to find stiff resistance near \$40.20-41.70 per barrel, while key support levels are found near \$36.70 and \$35.70 per barrel.

Gold is likely to trade volatile

- ▲ Gold prices are trading near \$1,900 per ounce, with a volatile move in early session today, due to the strength in the US dollar, and a close contest between President Donald Trump and Democratic rival, Joe Biden, in the U.S. presidential election. The election result could provide further direction to the markets. Meanwhile, volatility may continue until then.
- ▲ On the economic data front, US September factory orders rose +1.1% m/m, slightly stronger than expectations of +1.0%.
- ▲ Gold found support from dovish actions from the Reserve bank Australia. The RBA cut its benchmark interest rate, yield-curve target, and bank lending facility rate to 0.10%, from 0.25%, and announced a new bond-buying program, as it has said that it would buy a \$100 billion (\$70 billion) of government bonds, with maturities of around 5-10 years over the next six months.

- ▲ On the coronavirus front, U.K. Prime Minister, Boris Johnson, announced on Saturday that England will adopt a second national lockdown, starting Thursday, following a surge in virus cases. The U.S. has also been dealing with a recent spike in infections.

Outlook

- ▲ Gold prices are likely to find support near the 100-days EMA at \$1,883 per ounce, and the 200-days EMA at \$1,806 per ounce. Meanwhile, key resistance is seen around \$1,930-\$1,948 per ounce. Gold prices are likely to get fresh direction from the outcome of the US election results.

Copper mine production dropped in Chile and Peru in September

- ▲ Copper prices are trading near \$6,768 per mt, and the strength in the dollar is keeping prices lower. The market will get further direction from the outcome of the US election.
- ▲ Meanwhile, Chile's copper production fell 0.8% in September to 479,900 mt. Copper output between January and September was up 0.4%, to 4.26 million mt. BHP's Escondida saw production fall in September, while top miner, Codelco, saw output rise according to government figures released Tuesday. Codelco boosted production by 9.6%, year-on-year, to 159,200 mt. The company ratcheted up output by 2.9%, between January and September, despite restrictions put in place to slow the spread of coronavirus. Escondida saw production drop by 6%, year-on-year, to 94,100 mt. Between January and September, the mine's output has nonetheless increased 2.4%. Collahuasi reported a 9.4% year-on-year increase in output in September, to 53,400 mt. It has reported a total increase in production of 23.2% year to date. (Reuters)
- ▲ Peru reported an 11% decline in output in September, although power demand by the mining industry suggests production may have recovered in October. Copper production of 172,000 mt in September compares with 194,000mt in August, and 204,000mt a year ago, the mining ministry told reporters Tuesday. (Reuters)
- ▲ As per a Reuters report, Codelco, the world's biggest copper-mining company, is looking to roll over premiums with customers next year. It wants to continue supplying copper at \$88 a ton over LME prices for buyers in China, and \$98 for customers in Europe.
- ▲ Members of one of the two unions out on strike, at Lundin Mining's Candelaria copper mine in Chile, rejected the company's latest wage offer. In voting on Tuesday, 96% of the Mine Workers Union members opted to continue a strike that began on October 8 Candelaria produced 111,400 tons last year.
- ▲ Copper inventory at LME monitored warehouses have dropped by -200 mt, as on November 3. LME inventory now stands at 169,400 mt, which has dropped by -85,625 mt in the last one year, but has increased nearly 42,725 mt in the last three months, as on November 3.

Outlook

- ▲ LME 3 month contract is likely to find support around the 50-days EMA at \$6,676, and the 100-days EMA at \$6,455 per mt. Meanwhile, an immediate resistance level could be seen around \$6,883-\$7,031 per mt.

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