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Stimulus hope is supporting Copper prices  
Gold prices likely to trade firm above \$1,800 on stimulus hope  
Bullish trend to continue in Crude oil

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## STIMULUS HOPE IS SUPPORTING COPPER PRICES

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- Dollar weakness and stimulus hopes pushed Copper prices higher. LME Copper 3M contract is trading below \$8,000 per mt however absent of Chinese market for lunar year holiday from 11 Feb-17 Feb is likely to keep physical market player away.
- Hopes increased for Stimulus in US after Treasury Secretary Janet Yellen said that The U.S. could return to full employment in 2022 if President Joe Biden's \$1.9 trillion coronavirus rescue package is passed.
- On economic data front, U.S. Jan payroll report was weaker-than-expected which is negative for metals however it has increased chances for strong stimulus package. U.S. Jan nonfarm payrolls rose +49,000, weaker than expectations of +105,000. Also, Dec nonfarm payrolls were revised lower to a decline of -227,000 from the previously reported -140,000. Meanwhile, German Dec factory orders fell -1.9% m/m, weaker than expectations of -1.0% m/m and the biggest decline in 8 months.
- LME Copper inventory have drooped by 100025mt in last one year and now stand at 76550mt as on 5th Feb 2021, meanwhile SHFE Copper inventory have dropped by 56273mt in last one year and now stand at 30631mt as on 5<sup>th</sup> Feb 2021.

### Outlook

- Copper prices are trading firm on US stimulus hope, however it is facing stiff resistance around \$8,120 on the backdrop of low physical demand in China. It may find immediate support around 50 days EMA at \$7,750 per mt & 100 days EMA at \$7,398 per mt.

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## GOLD PRICES LIKELY TO TRADE FIRM ABOVE \$1,800 ON STIMULUS HOPE

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- Gold prices are trading above \$1,800 after heavy sell last weeks to \$1,784. Marginal weakness in dollar index and rising stimulus hope is keeping gold prices firm. Last week, Senate voted to adopt a budget blueprint for President Biden's \$1.9 trillion pandemic relief package and on Sunday Treasury Secretary Janet Yellen supported President Biden's for betterment in employment situation.
- However, rising bond yield is likely to keep precious metals prices under pressure. US Ten-year Treasury yields soared to an over 10-month high of 1.19% on Monday due to disappointing jobs data and inflationary expectations last week. Emerging-market yields also rising in tandem to net changes in US rates.
- According to the CFTC Commitments of Traders report for the week ended February 2, net long for gold futures dropped -420 contracts to 257126 for the week. Speculative long position increased 820 contracts, while shorts also increased 1240 contracts.
- Gold has support from the Covid pandemic, which is dovish for central bank policies. Globally, Covid infections have risen above 106.056 million, and deaths have exceeded 2.315 million.

- ▲ Last week, Reserve Bank of Australia (RBA) governor Philip Lowe said that his 0.1 per cent rate would be pinned to the floor until 2024 while he ramped up his quantitative easing (QE) bond-buying spree. However, Bank of England's Monetary Policy Committee (MPC) said inflation could be back at target within a year, and maybe it was time to start rethinking the conditions under which QE could be unwound.

## Outlook

- ▲ Gold prices are likely to find support around \$1,772 while key resistance is level is seen near \$1,826-\$1,855.

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## BULLISH TREND TO CONTINUE IN CRUDE OIL

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- ▲ Crude oil prices are rallying on the backdrop on rising coronavirus vaccination program globally and Optimism about additional U.S. pandemic stimulus is supportive for economic growth and energy demand.
- ▲ Crude oil prices also found additional support after Saudi Arabia's state producer Saudi Aramco raised its selling prices for all crude grades to buyers in the U.S. and Europe for March delivery and kept prices unchanged for its Asian buyers, defying expectations for a price cut.
- ▲ According to the CFTC Commitments of Traders report for the week ended February 2, net long for crude oil futures dropped -5438 contracts to 499174 for the week. Speculative long position dropped -932 contracts, while shorts added +4506 contracts.
- ▲ Baker Hughes reported on Friday that the oil rig count increased by 4 this week.
- ▲ Meanwhile, The EIA's estimate for oil production in the US for the week ending January 29 was 10.9 million barrels—still 2.2 million bpd off the all-time high.
- ▲ UBS said it expects the global oil market to be undersupplied by -1.5 million bpd this year as OPEC+ reduces crude production and world energy demand climbs. As per Joint Technical Committee of OPEC+ (JTC) global crude inventories will fall by -1.1 million bpd on average this year and that global oil stockpiles will fall back below their 5-year average by June of this year. Also OPEC Secretary-General Mohammad Barkindo said that "OPEC is hopeful that 2021 will be a good year for overall demand."

## Outlook

- ▲ WTI Crude oil prices for the March expiry contract are likely to find support near the 20-days EMA at \$54.00 per barrel. Meanwhile, critical resistance is seen around \$58.10 per barrel, and \$60.90 per barrel.

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