
Silver prices are trading firm near the \$27 mark
Crude oil prices fall on demand concerns
Nickel – support is seen below current levels

SILVER PRICES ARE TRADING FIRM NEAR THE \$27 MARK

- ▲ Silver prices are trading firm, and holding above the \$27 mark. The safe-haven metal, Gold, also found support on fears that economic recovery remains stalled due to the increasing number of COVID-19 cases globally.
- ▲ On the economic data front, Japan's economy shrank at a worse rate in the April-June quarter than initially estimated. Japan's seasonally adjusted real Gross Domestic Product contracted at an annualized rate of 28.1%, worse than the -27.8% released in August. Quarter-on-quarter, the economy contracted 7.9%, according to the revised figures, down from -7.8%.
- ▲ The European Central Bank's policy decision on Thursday could provide further direction to bullion prices. Bullion prices will turn more bullish, if the ECB announces additional measures, or stimulus, to limit the downfall in the economy.
- ▲ Meanwhile, on the trade front, President Donald Trump raised the idea of decoupling the US economy from China.
- ▲ According to the CFTC Commitments of Traders report for the week ended September 1, silver futures' net long increased by 2,135 contracts to 33,472. Speculative long positions increased by 2,035 contracts, to 76,346, and short positions declined by 100 contracts, to 42,874 contracts.

Outlook

- ▲ Silver prices are likely to remain firm, while remaining above the key support level of the 50-days EMA of \$25.30. Meanwhile, an immediate resistance could be seen around \$27.63 and \$27.47 levels.

CRUDE OIL PRICES FALL ON DEMAND CONCERNS

- ▲ Oil prices fell amid concerns of a possible rise in COVID-19 cases, and the end of the US season for fuel demand, post the Labour Day holiday.
- ▲ Saudi Arabia cut the October official selling price to Asia, on expectations that demand is unlikely to recover sooner than anticipated. Asia is Saudi Arabia's largest market by region.
- ▲ Saudi Arabia's state oil producer, Aramco, has reduced the OSP for its Arab Light crude grade to Asia by \$1.40 a barrel, setting it at - \$0.50 per barrel, versus the Oman / Dubai average, and OSP to North-Western Europe at a discount of \$2.00 a barrel, over ICE Brent, down \$0.20, from September.
- ▲ Oil is also under pressure, as US companies increased their drilling for new supplies, after the recent recovery in oil prices. US energy firms last week added oil and natural gas rigs for the second time in the past three weeks. Baker Hughes reported that the number of oil rigs in the United States rose by 1, to 181. The total number of active oil and gas rigs increased for the week by 2, with oil rigs rising by 1, and gas rigs holding steady.
- ▲ Russian Energy Minister, Alexander Valentinovich Novak, on Friday, said that oil demand has returned to 90% of the pre-COVID pandemic levels. Still, limited travel, and "work from home", is slowing down the recovery in fuel demand.
- ▲ According to the CFTC Commitments of Traders report for the week ended September 1, net

long for crude oil futures declined further, by 9,784 contracts to, 490,915 for the week. The speculative long positions fell -6,429 contracts, but shorts rose +3,355 contracts.

- ▲ China's imports have been supporting the prices. China's crude oil imports in August climbed 13% from a year earlier. Imports were 47.48 million tonnes last month, which is 11.18 million BPD, against 10.11 million BPD, in the same month, for the previous year.

Outlook

- ▲ Crude oil prices are likely to trade weak for the short term, due to abundant supply from the US and OPEC+ nations, along with diminishing demand from the US, due to end of the US driving season. WTI Crude oil on Nymex may trade towards its next levels of support towards \$38.1, and \$37.4. Meanwhile, crucial resistance could be seen around the 10-days EMA at \$40.55, and the 20-days EMA at \$41.23.

NICKEL – SUPPORT IS SEEN BELOW CURRENT LEVELS

- ▲ China's refined nickel output for the month of August, 2020 declined 2.25%, as compared to the previous month, to 14,300 mt; however, it was up 12.94%, on a year-on-year basis. Steel and the Electric Vehicle market continues to grow, thus increasing China's refined nickel output, and consumption.
- ▲ On the inventory side, inventory at SHFE increased by 15%, from 27,538 mt, on April 1, 2020 to 31,645 mt, on September 7, 2020, while at the LME, the inventory increased by 2%, from 174,108 mt, to 178,206 mt, during the same time period. Parity, which is the difference between the SHFE and the LME (in terms of Yuan), after calculating for VAT and the currency, is currently trading at 1,845 Yuan.
- ▲ Nickel's cash to three month difference, which is the delta between cash and rolling three months, on the London Metal Exchange, is trading at a discount of \$35, signifying lower spot demand on the LME.

Outlook

- ▲ Nickel corrected in the previous week to find support near \$15,000, and the medium-term trend remains positive for the metal. We can expect nickel to rise towards \$15,450 & \$15,650 levels, while support is seen around \$15,150 & \$15,000 levels.

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance - No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance - No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in