

August 12, 2020

Daily Commodities Outlook

Daily Recommendations

Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
LEAD	Aug	Buy	152.30-152.70	155.50	150.80	Intraday
NICKEL	Aug	Buy	Above 1092	1117	1072	Intraday

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Recent Developments

- Gold sank more than 5% on Tuesday, facing its worst one-day rout in seven years, as return of risk appetite following encouraging economic numbers and hopes of a new Coronavirus relief package boosted the S&P 500 to near record highs
- US producer prices increased most in almost two years in July and producer price index for final demand rose 0.6%. Better-than-expected economic data helped accelerate the sell-off in bullions
- Adding to gold's headwinds, global equities hit multi-month highs on expectations that the US Congress will agree on a massive stimulus deal while looming trade talks raised hopes of easing tensions between the US and China
- Russian President Vladimir Putin's announcement that Russia had become the first country to grant regulatory approval to a Covid-19 vaccine after less than two months of human testing aided sentiments
- US crude oil production is expected to fall by 990,000 barrels per day (bpd) this year to 11.26 million bpd, the US Energy Information Administration (EIA) said on Tuesday, a steeper decline than its forecast last month for a decline of 600,000 bpd
- The agency also expects US petroleum and other liquid fuel consumption to drop by 2 million bpd to 18.46 million bpd in 2020, a slightly smaller decline than its previous forecast for a drop of 2.12 million bpd

Source: Bloomberg, Reuters, ICICI Direct Research

Global Price Performance

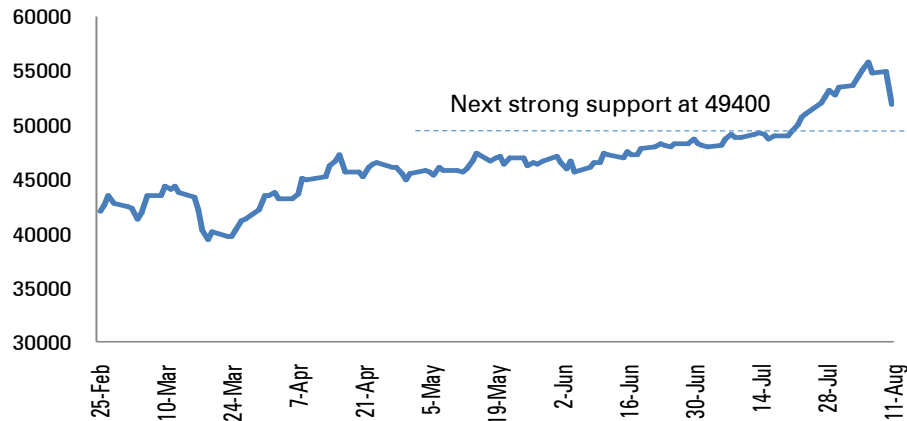
Exchange	Commodity	*Close (\$)	Change	% Change
COMEX	GOLD	1933.00	-97.30	-4.79%
COMEX	SILVER	25.28	-3.98	-13.61%
NYMEX	CRUDE OIL	41.78	-0.16	-0.38%
NYMEX	NATURAL GAS	2.17	0.01	0.65%
LME	COPPER	6406.75	7.00	0.11%
LME	NICKEL	14342.50	117.50	0.83%
LME	ALUMINIUM	1785.75	3.50	0.20%
LME	LEAD	1953.50	50.50	2.65%
LME	ZINC	2417.50	37.25	1.56%
ICE	COTTON	63.56	0.76	1.21%

*Closing prices are at 11:30pm IST

MCX Price Performance

Commodity	Expiry	Close (₹)	Change	% Change
GOLD	05 OCT 2020	51929	-3017	-5.49%
SILVER	04 SEP 2020	66934	-8460	-11.22%
CRUDE OIL	19 AUG 2020	3131	-30	-0.95%
NATURAL GAS	26 AUG 2020	162.50	1.80	1.12%
COPPER	31 AUG 2020	511.20	-0.05	-0.01%
NICKEL	31 AUG 2020	1086.00	-0.50	-0.05%
ALUMINIUM	31 AUG 2020	146.40	-0.45	-0.31%
LEAD	31 AUG 2020	153.70	2.10	1.39%
ZINC	31 AUG 2020	190.60	1.10	0.58%
COTTON	31 AUG 2020	16280	-40	-0.25%

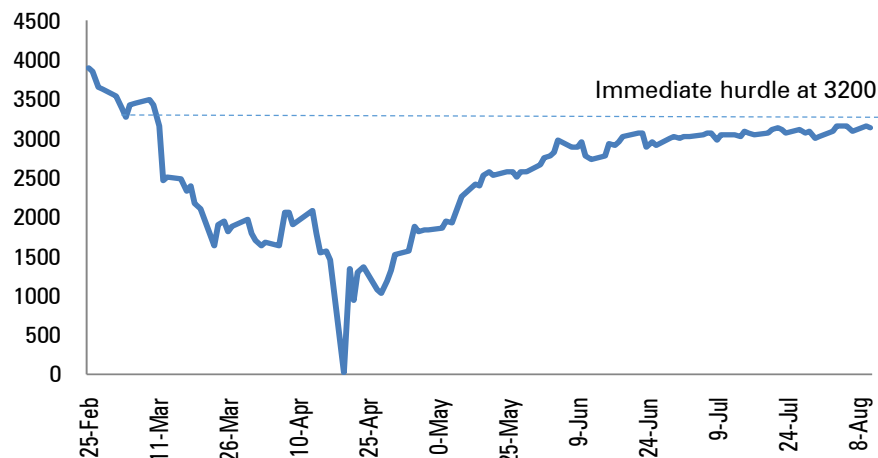
MCX Gold Daily Chart



Bullion Outlook

- Gold prices started yesterday's trading on a weak note by opening lower with a gap while prices fell sharply further for most of the session till low of ₹ 51712
- Prices have corrected sharply from their peak of ₹ 56191 as stronger economic data from US coupled with vaccine launch by Russia prompted profit booking in bullion
- We expect this correction to continue in the near term towards next strong support around ₹ 49400 level

MCX Crude Oil Daily Chart



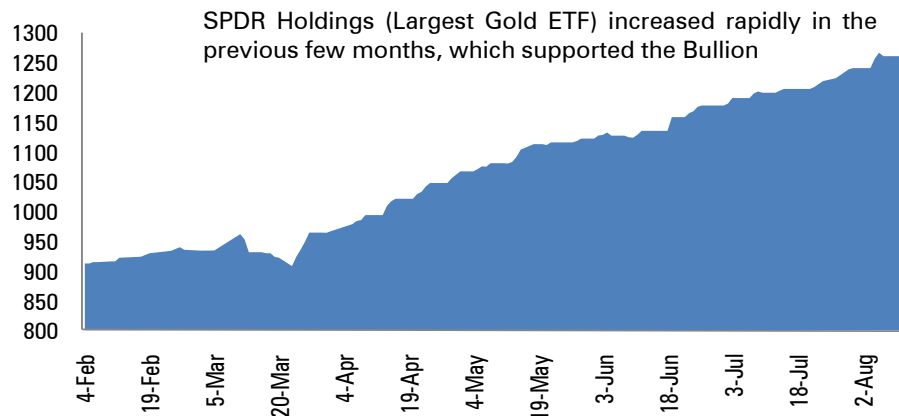
Energy Outlook

- Crude oil prices opened slightly higher yesterday while prices rose further for the first half of the session till high of ₹ 3204. However, prices did not sustain at higher levels and corrected sharply for the remaining session till low of ₹ 3116
- Prices have taken strong resistance near ₹ 3200 level in the last few weeks as demand outlook for fuel consumption around the world is still lower than prior to pandemic
- Therefore, we expect crude prices to fall towards immediate support near ₹ 3000 level. On the higher side, immediate hurdles are placed at ₹ 3200 and ₹ 3260 levels

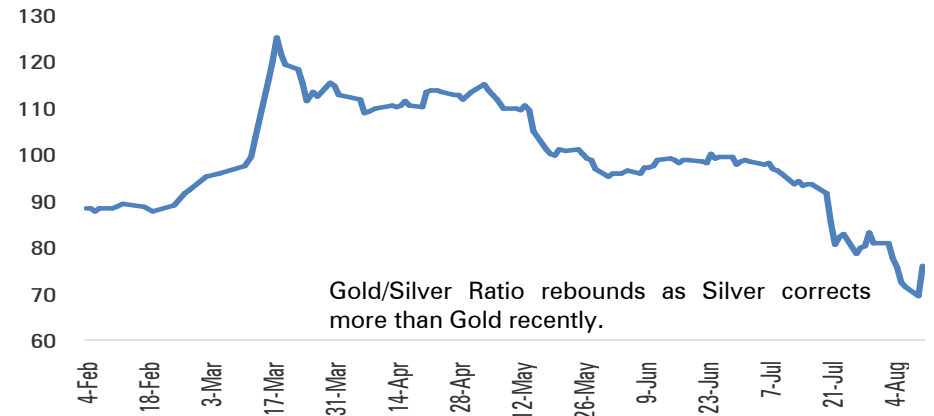
Daily Pivot Levels

Commodity	Expiry	Close	S2	S1	Pivot	R1	R2
GOLD	05 OCT 2020	51929	49759	50844	52797	53882	55835
SILVER	04 SEP 2020	66934	60767	63851	69430	72514	78093
CRUDE OIL	19 AUG 2020	3131	3062	3097	3150	3185	3238
NATURAL GAS	26 AUG 2020	162.5	157.1	159.8	163.4	166.1	169.7
COPPER	31 AUG 2020	511.2	502.7	507.0	510.2	514.4	517.6
NICKEL	31 AUG 2020	1086.0	1064.7	1075.4	1083.6	1094.3	1102.5
ALUMINIUM	31 AUG 2020	146.4	145.5	146.0	146.5	147.0	147.5
LEAD	31 AUG 2020	153.7	149.5	151.6	152.9	155.0	156.3
ZINC	31 AUG 2020	190.6	186.6	188.6	189.8	191.8	193.0
COTTON	31 AUG 2020	16280	16180	16230	16310	16360	16440

SPDR Gold Holding (Tonnes)



Gold/Silver Ratio



US Crude Oil Inventories (Barrels)

Release Date	Time	Actual	Forecast	Previous
12-Aug-20	8:00 PM	-	-3.100M	-7.373M
5-Aug-20	8:00 PM	-7.373M	-3.001M	-10.612M
29-Jul-20	8:00 PM	-10.612M	0.357M	4.892M
22-Jul-20	8:00 PM	4.892M	-2.088M	-7.493M
15-Jul-20	8:00 PM	-7.493M	-2.098M	5.654M
8-Jul-20	8:00 PM	5.654M	-3.114M	-7.195M

The Energy Information Administration's (EIA) Crude Oil Inventories measures the weekly change in the number of barrels of commercial crude oil held by US firms.

Today's Major Economic Releases

TIME(IST)	COUNTRY	DATA & EVENTS	ACTUAL	FORECAST	PREVIOUS
6:00 PM	US	Core CPI (YoY) (Jul)	-	1.1%	1.2%
6:00 PM	US	Core CPI (MoM) (Jul)	-	0.2%	0.2%
6:00 PM	US	CPI (MoM) (Jul)	-	0.3%	0.6%

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Source: Bloomberg, Reuters, ICICI Direct Research

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