

October 16, 2020

Daily Commodities Outlook

Daily Recommendations

Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Gold mini	Nov	Buy	50600-50650	51200	50200	Intraday
Silver mini	Nov	Buy	61000-61050	62900	59800	Intraday

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Recent Developments

- Gold prices inched up on Thursday after US President Donald Trump reignited hopes of a Coronavirus stimulus package before the November 3 elections. However, a strong dollar kept the metal's gains in check
- Mr Trump said he would agree to go higher than the \$1.8 trillion that the White House has offered in Coronavirus stimulus to strike a deal. Further supporting gold, US weekly jobless claims unexpectedly rose last week
- Oil prices eased on Thursday as new restrictions to stem a surge in Covid-19 infections dimmed the outlook for economic growth and fuel demand
- Crude prices pared earlier losses after the US Energy Information Administration (EIA) reported an increase in US petroleum demand last week that helped reduce crude stockpiles, while distillate inventories dropped by the most since 2003 as Hurricane Delta cut oil production and shut Gulf Coast refineries
- Copper prices rebounded on Thursday as strong demand in top consumer China overcame concerns that rising Covid-19 cases around the world will dampen global growth
- US natural gas futures rose over 5% on Thursday on forecasts of colder weather and more heating demand over the next two weeks and a smaller-than-expected storage build. The price increase came despite a rise in output with Gulf Coast wells returning after Hurricane Delta and an increase in gas flows to liquefied natural gas (LNG) export plants

Global Price Performance

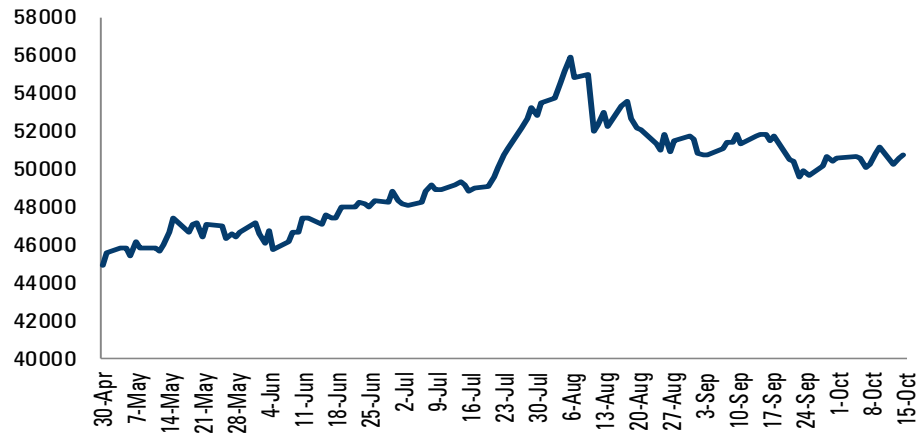
Exchange	Commodity	LTP (\$)	Change	% Change
COMEX	GOLD	1913.60	4.70	0.25%
COMEX	SILVER	24.49	0.27	1.11%
NYMEX	CRUDE OIL	40.92	-0.04	-0.10%
NYMEX	NATURAL GAS	2.79	0.00	0.14%
LME	COPPER	6772.75	-5.50	-0.08%
LME	NICKEL	15537.50	125.00	0.81%
LME	LEAD	1781.75	-1.75	-0.10%
LME	ZINC	2440.00	-4.25	-0.17%
ICE	COTTON	69.23	-0.01	-0.01%

MCX Price Performance

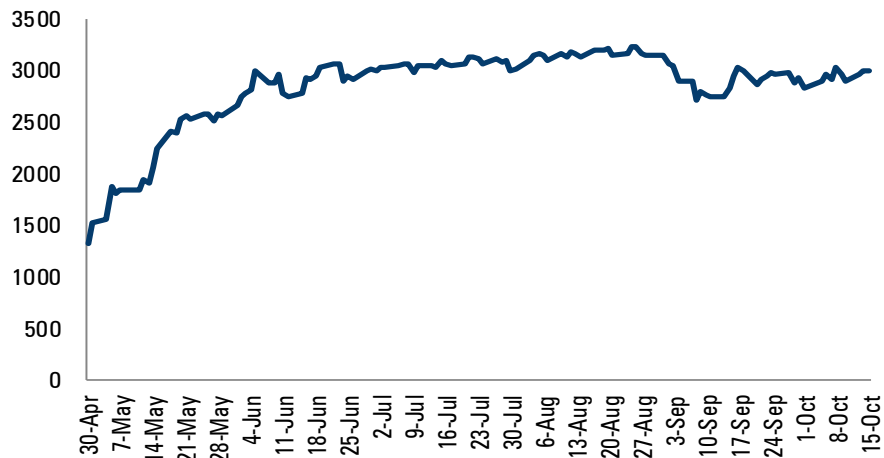
Commodity	Expiry	LTP (₹)	Change	% Change
GOLD	Dec-20	50700	158	0.31%
SILVER	Dec-20	61420	-183	-0.30%
CRUDE OIL	Oct-20	2993	-11	-0.37%
NATURAL GAS	Oct-20	204.00	6.70	3.40%
COPPER	Oct-20	530.30	5.25	1.00%
NICKEL	Oct-20	1130.00	-5.60	-0.49%
LEAD	Oct-20	148.60	-4.55	-2.97%
ZINC	Oct-20	194.35	2.75	1.44%
COTTON	Oct-20	19100	-20	-0.10%

Source: Bloomberg, Reuters, ICICI Direct Research

MCX Gold Daily Chart



MCX Crude Oil Daily Chart



Bullion Outlook

- Gold prices started Thursday's trade on a weak note by opening lower. Prices recovered gradually in most of the session till a high of ₹ 50749
- Prices have taken strong support in the last few sessions as US President Donald Trump reignited hopes of a Coronavirus stimulus package before the November 3 elections, which boosted the metal's demand as a hedge against inflation
- Hence, we believe gold prices will rise further towards immediate resistance around ₹ 51200

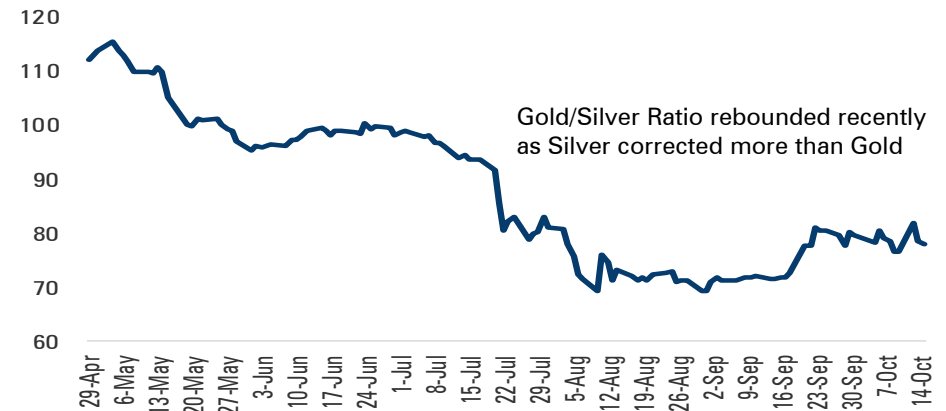
Energy Outlook

- Crude oil prices opened slightly higher on Thursday. Prices fell sharply in the first half of the session till a low of ₹ 2881. However, prices did not sustain at lower levels and recovered strongly during the remaining session till a high of ₹ 3004
- Prices have been recovering in the last few sessions as a more than expected decline in US crude inventories provided good support to prices
- Therefore, we expect crude prices to remain in the range of ₹ 2880-3020 levels for the short-term

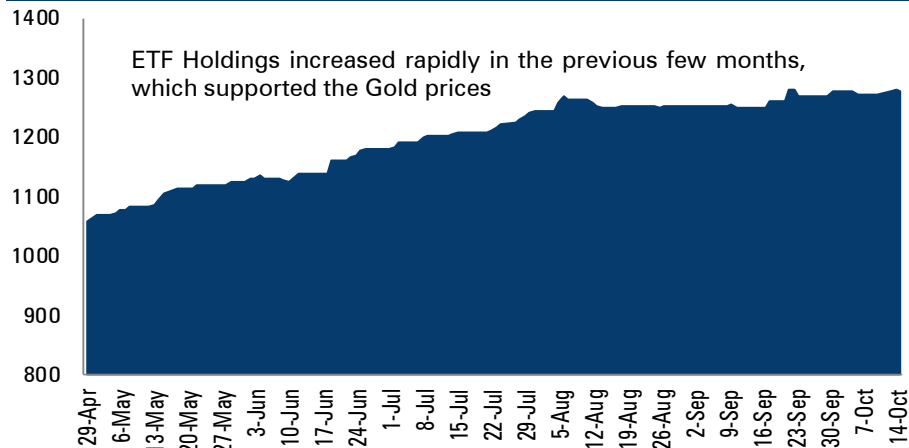
Daily Pivot Levels

Commodity	Expiry	S2	S1	Pivot	R1	R2
GOLD	Dec-20	50107	50404	50576	50873	51045
SILVER	Dec-20	59123	60272	60968	62117	62813
CRUDE OIL	Oct-20	2828	2911	2963	3046	3098
NATURAL GAS	Oct-20	189.4	196.7	202.3	209.6	215.2
COPPER	Oct-20	517.7	524.0	527.6	533.9	537.5
NICKEL	Oct-20	1111.6	1120.8	1128.7	1137.9	1145.8
LEAD	Oct-20	142.5	145.6	149.2	152.2	155.8
ZINC	Oct-20	187.9	191.1	192.8	196.1	197.8
COTTON	Oct-20	18967	19033	19077	19143	19187

Gold/Silver Ratio



SPDR Gold Holdings (Tonnes)



Standard & Poor's Depository Receipt (ETF) Holdings

US Crude Oil Inventories (Barrels)

Release Date	Time (IST)	Actual	Forecast	Previous
Oct 15, 2020	8:30 PM	-3.818M	-2.835M	0.501M
Oct 07, 2020	8:00 PM	0.501M	0.294M	-1.980M
Sep 30, 2020	8:00 PM	-1.980M	1.569M	-1.639M
Sep 23, 2020	8:00 PM	-1.639M	-2.325M	-4.389M
Sep 16, 2020	8:00 PM	-4.389M	1.271M	2.032M
Sep 10, 2020	8:30 PM	2.032M	-1.335M	-9.362M

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.

Source: Bloomberg, Reuters, ICICI Direct Research

Today's Major Economic Releases

TIME (IST)	COUNTRY	DATA & EVENTS	ACTUAL	FORECAST	PREVIOUS
6:00 PM	US	Core Retail Sales (MoM) (Sep)	-	0.5%	0.7%
6:00 PM	US	Retail Sales (MoM) (Sep)	-	0.7%	0.6%
6:45 PM	US	Industrial Production (MoM) (Sep)	-	0.5%	0.4%
7:30 PM	US	Business Inventories (MoM) (Aug)	-	0.4%	0.1%
7:30 PM	US	Michigan Consumer Expectations (Oct)	-	76.5	75.6
7:30 PM	US	Michigan Consumer Sentiment (Oct)	-	80.5	80.4

Source: Bloomberg, Reuters, ICICI Direct Research

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Source: Bloomberg, Reuters, ICICI Direct Research

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