

September 25, 2020

Daily Commodities Outlook

Recommendations for the day

Commodity	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Crude oil	Oct	Buy	2955-2960	3000	2915	Intraday
Natural gas	Oct	Buy	210.50-211	218	205.50	Intraday

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Recent Developments

- Gold prices reversed course and turned positive on Thursday, after touching a two-month low, as the dollar retreated slightly and as Federal Reserve officials reaffirmed on keeping monetary policy loose
- The dollar index rose to a two-month high as concerns regarding the global economic recovery increased following a second wave of Coronavirus infections in Europe
- Initial claims for state unemployment benefits increased 4,000 to a seasonally adjusted 870,000 for the week ended September 19, compared to 866,000 in the prior week and economist expectations of 840,000 applications
- Oil prices held steady on Thursday as a new wave of Coronavirus cases in Europe led several countries to re-impose travel restrictions, offsetting a bullish drop in US crude and fuel inventories
- On Wednesday, prices climbed slightly after government data showed US oil inventories fell last week. Crude stocks declined by 1.6 million barrels, gasoline by 4 million barrels while distillate stockpiles posted a surprise drawdown of 3.4 million barrels
- US natural gas futures extended gains on Thursday following the release of a report showing a much smaller than expected storage build last week. Prices were already trading about 5% up before the US Energy Information Administration (EIA) released the report on a continued decline in output and increase in liquefied natural gas (LNG) exports

Global Price Performance

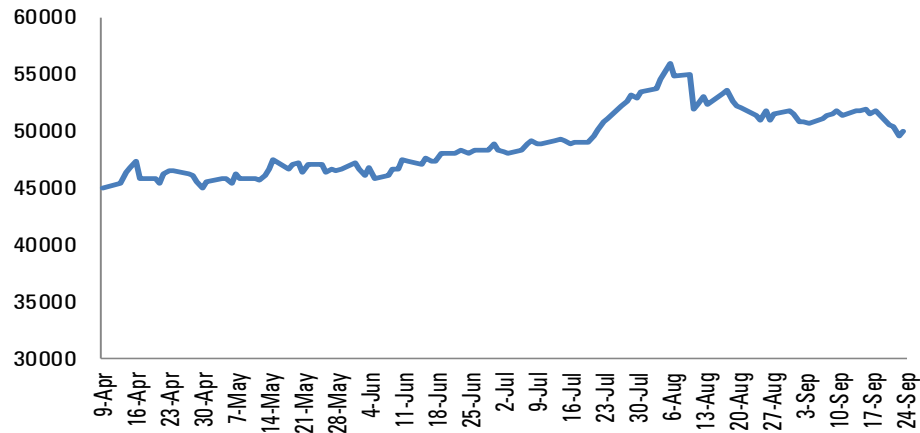
Exchange	Commodity	LTP (\$)	Change	% Change
COMEX	GOLD	1877.05	8.65	0.46%
COMEX	SILVER	23.30	0.20	0.85%
NYMEX	CRUDE OIL	40.28	0.35	0.88%
NYMEX	NATURAL GAS	2.26	0.14	6.40%
LME	COPPER	6571.50	-22.75	-0.34%
LME	NICKEL	14367.50	-32.50	-0.23%
LME	LEAD	1866.75	-10.00	-0.53%
LME	ZINC	2410.50	0.25	0.01%
ICE	COTTON	65.41	0.16	0.25%

MCX Price Performance

Commodity	Expiry	LTP (₹)	Change	% Change
GOLD	Oct-20	49827	319	0.64%
SILVER	Dec-20	59550	1062	1.82%
CRUDE OIL	Oct-20	2970	23	0.78%
NATURAL GAS	Oct-20	214.00	8.50	4.14%
COPPER	Sep-20	531.20	3.15	0.60%
NICKEL	Sep-20	1052.00	-0.90	-0.09%
LEAD	Sep-20	146.80	0.95	0.65%
ZINC	Sep-20	195.40	1.15	0.59%
COTTON	Oct-20	18060	50	0.28%

Source: Bloomberg, Reuters, ICICI Direct Research

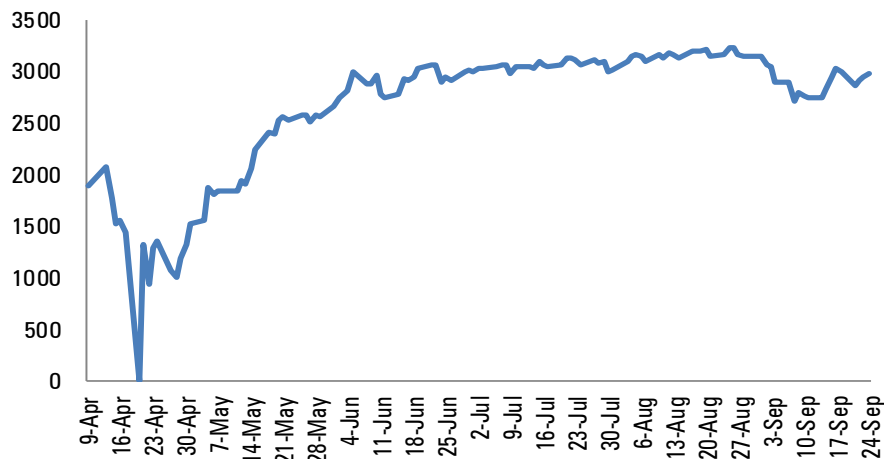
MCX Gold Daily Chart



Bullion Outlook

- Gold prices opened slightly lower on Thursday. However, prices did not sustain at lower levels and recovered gradually for most of the session till a high of ₹ 50050
- Prices have taken strong support in the last session as US Federal Reserve officials reaffirmed their low interest monetary policy until the labour market recovers or inflation rises to 2%
- Therefore, we expect gold prices to consolidate near the immediate support of ₹ 49000

MCX Crude Oil Daily Chart



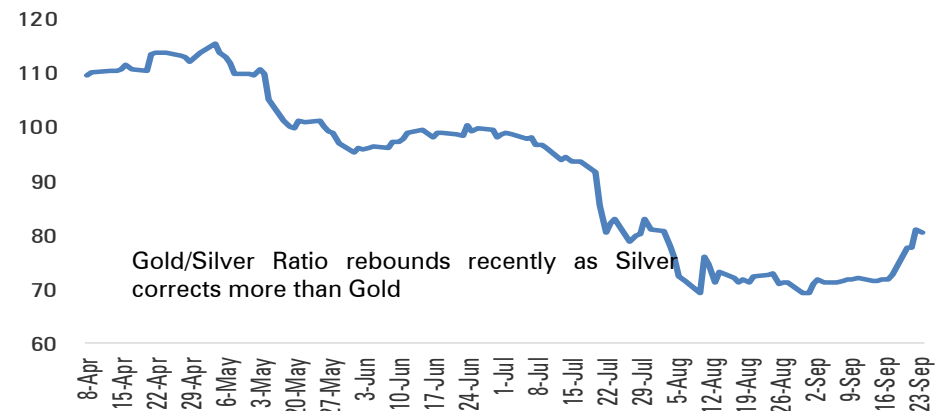
Energy Outlook

- Crude oil prices started yesterday's trade on a weak note opening lower with a gap and recovered gradually for most of the session till a high of ₹ 2979
- Prices have been consolidating in a narrow range in the last few sessions as a drop in US crude inventories provided some support. However, global fuel demand concerns continued to cap gains
- Hence, we believe crude prices will remain in the range of ₹ 2900-3000 for the short-term

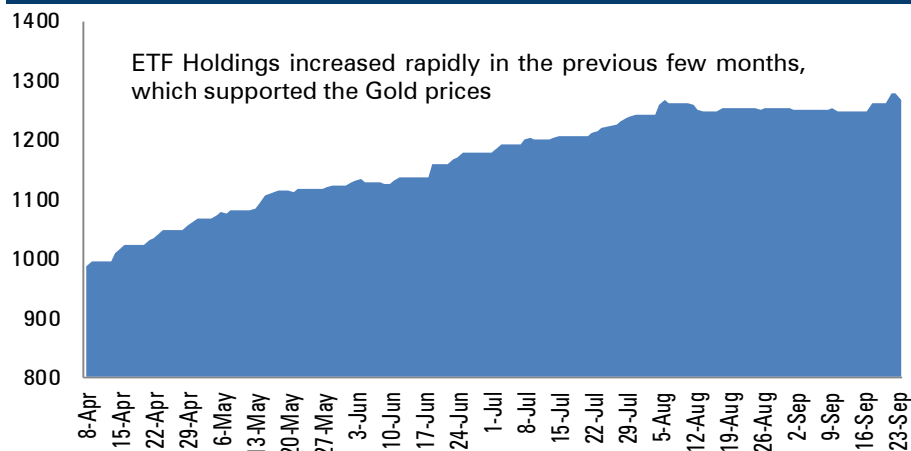
Daily Pivot Levels

Commodity	Expiry	S2	S1	Pivot	R1	R2
GOLD	Oct-20	48906	49367	49708	50169	50510
SILVER	Dec-20	54645	57098	58472	60925	62299
CRUDE OIL	Oct-20	2877	2924	2951	2998	3025
NATURAL GAS	Oct-20	202.3	208.1	211.5	217.3	220.7
COPPER	Sep-20	520.5	525.8	529.5	534.8	538.5
NICKEL	Sep-20	1031.5	1041.7	1050.3	1060.5	1069.1
LEAD	Sep-20	140.9	143.8	147.2	150.1	153.5
ZINC	Sep-20	189.3	192.3	194.2	197.2	199.1
COTTON	Oct-20	17873	17967	18023	18117	18173

Gold/Silver Ratio



SPDR Gold Holdings (Tonnes)



Standard & Poor's Depository Receipt (ETF) Holdings

US Crude Oil Inventories (Barrels)

Release Date	Time	Actual	Forecast	Previous
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
Sep 02, 2020	8:00 PM	-9.362M	-1.887M	-4.689M
Aug 26, 2020	8:00 PM	-4.689M	-3.694M	-1.632M
Aug 19, 2020	8:00 PM	-1.632M	-2.670M	-4.512M

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	COUNTRY	DATA & EVENTS	ACTUAL	FORECAST	PREVIOUS
6:00 PM	US	Core Durable Goods Orders (MoM) (Aug)	-	1.2%	2.6%
6:00 PM	US	Durable Goods Orders (MoM) (Aug)	-	1.5%	11.4%

Source: Bloomberg, Reuters, ICICI Direct Research

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Source: Bloomberg, Reuters, ICICI Direct Research

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