
Weakness in the Dollar is keeping gold prices firm
Vaccine hopes have boosted oil prices
Nickel prices to trade in a range

WEAKNESS IN THE DOLLAR IS KEEPING GOLD PRICES FIRM

- Gold prices are likely to find support from weakness in the Dollar Index. Gold is also finding support from a rising number of Covid-19 cases globally, which is likely to push central banks to expansionary monetary policies for the longer term. However, optimism about an experimental vaccine is likely to keep a lid on prices.
- Drugmaker Moderna has said that its experimental vaccine was 94.5% effective in preventing COVID-19, based on interim data from a late-stage trial, becoming the second U.S. drugmaker after Pfizer to report results exceeding expectations.
- On Monday, Federal Reserve Vice Chair, Mr. Richard Clarida, acknowledged that successful tests of two coronavirus vaccine candidates are a positive for the U.S. economic recovery. He further said that the central bank will apply an expansive view of the labour market, in any discussion of potential rate hikes.
- Meanwhile, gold is likely to find support from stimulus hopes after President-elect, Joe Biden, called on Congress to come together and pass a new coronavirus relief package. The prospects for Gold are likely to be bullish, if the US passes a larger stimulus package, than what is anticipated.

Outlook

- Gold prices are likely to find support around \$1,844 and \$1,814 levels (200 days EMA). Meanwhile, a critical resistance is seen near \$1,931-\$2,007 levels. Expansionary monetary policies and stimulus hopes are likely to provide support to gold prices in the near term.

VACCINE HOPES HAVE BOOSTED OIL PRICES

- The crude oil prices rallied sharply after optimism about a Covid vaccine sustained, as two US drug makers claimed a higher success rate. Weakness in the dollar also supported the move.
- Strength in Chinese crude demand is also bullish for crude oil prices. China's October crude processing climbed to a record high of 14.14 million bpd.
- OPEC is leaning towards delaying its scheduled increase in crude oil production. Comments on Monday from OPEC Secretary-General, Mohammad Barkindo, said that "OPEC+ must be ready to respond to shifts in market conditions." OPEC+ is currently scheduled to restore about 2 million of the 7.7 million bpd kept offline in January, and will meet between November 30 - December 1 to decide.
- On the economic data front, U.S. November Empire Manufacturing Survey General Business Conditions Index unexpectedly fell -4.2, to 6.3, weaker than expectations of +3.0, to 13.5. Meanwhile, Japan's Q3 GDP rose +21.4% (q/q annualized), stronger than expectations of +18.9%, and the fastest pace of expansion since 1968.
- Increasing crude oil production in Libya is likely to keep a lid on oil prices. Libya's daily crude output had climbed to 1.145 million bpd, the highest in 10 months. Libya's NOC said that Libya is targeting production of 1.3 million bpd by the beginning of 2021. Libya's crude production has risen very sharply from 90,000 bpd in early September.

- As per the latest report from Baker Hughes, active U.S. oil rigs rose by +10 rigs in the week ended November 13, to a 5-1/2 month high of 236 rigs, moving further above August's 15-year low of 172 rigs.

Outlook

- WTI crude oil prices are likely to find stiff resistance near \$43.77-46.02 per barrel, while key support levels are found near \$37.18-34.22 per barrel. The short-term trend is likely to remain firm, on the back of vaccine optimism, and OPEC+ talks of keeping oil production static.

NICKEL PRICES TO TRADE IN A RANGE

- Nickel prices are trading near \$15,670 levels, following weakness in Chinese futures contracts for stainless steel, which hit a five-month low, as producers faced high input costs and sluggish demand.
- South Africa is likely to impose taxes on exports of chrome ore to help protect its smelting industry. South Africa's government is seeking ways to support its ferrochrome smelters, which industry sources say employ 68,000 people, and contribute 13.8 billion rand (\$898.27 million) to state-owned power utility Eskom's revenue. China's stainless steel mills face higher costs for the essential ingredient ferrochrome, if, as expected, South Africa goes ahead with proposals. South Africa supplied 12.5 million tonnes of chrome ore to China last year, or more than 80% of Chinese imports.
- Meanwhile on the economic data front, China's October industrial production rose +6.9% y/y, stronger than expectations of +6.7% y/y. Also, China's October retail sales rose +4.3% y/y, the biggest increase in 10 months, although this was weaker than expectations of +5.0% y/y.
- Nickel is likely to find support from optimism over a coronavirus vaccine, and stimulus expectations in the US.

Outlook

- Nickel prices are likely to find support near \$15,427-15,182 levels, while critical resistance is seen near \$16,205-16,467 levels. Nickel may trade in a range of \$15,427-16,205 for the short term.

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