Key Monthly Nonfarm Payroll data may give fresh direction to Gold

- Traders are awaiting Friday's U.S. jobs report for May. Data is expected to be negative for Gold prices; any count which comes below 190K may give a bullish boost to gold.
- The key non-farm payrolls number is expected to come in at up around 190,000 as per Bloomberg survey, Wednesday's ADP jobs report showed a rise of 178,000.
- Trading volatility could pick up in the immediate aftermath of Friday morning's jobs report. In fact, given the quieter trading activity in the metals so far this week, it's even more likely that metals will see bigger price movements after the jobs data.

Source: Bloomberg

Our View: Gold trading in range need fresh breakout on either side of the range between $1284-$1321 on the weekly chart. Gold may find strong support base around $1284-$1269 per toz, if this level is maintained, any break above $1308 may push counter higher towards $1321 for short term. While break below $1291 may push counter lower till $1284 and more below this level till $1269. A positional bullish move may happen only above $1321 towards next level of resistance around $1355 per toz.

The US is to impose tariffs on steel and aluminum imports from key allies in Europe and North America

- A 25% tax on steel and 10% tax on aluminum from the EU, Mexico and Canada will start at midnight on US Imports.
- The tariffs will hit products such as plated steel, slabs, coil, rolls of aluminium, and tubes, raw materials., EU will approach to WTO.
- Retaliation: Canada said it would put 25% tariffs on certain types of American steel, as well as a 10% tax on other items, including yoghurt, whiskey and roasted coffee.
- Mexico's Economy Ministry said it is planning new duties for steel, pork legs and shoulders, apples, grapes, blueberries and cheese.
- Europe had previously outlined a list of items, including US bourbon, cranberries and jeans, as targets for retaliation.

Source: Bloomberg

Our view: This news will give positive direction to Aluminum and Steel prices initially; traders need to keep a close eye on warehouse stock movement of these metals at LME and SHFE for further direction.

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Crude oil eases on record U.S. production, OPEC supply hopes, and Inventory data is in focus.

- Crude oil futures lost more ground on Friday, with the U.S. market set for the second week of decline on pressure from record U.S. production and expectations of OPEC boosting output.
- U.S. crude production has been rising to record-high levels since late last year. In March it jumped 215,000 barrels per day (bpd) to 10.47 million bpd, a new monthly record, the Energy Information Administration (EIA) said on Thursday.
- Inventory Report: The U.S. Energy Information Administration reported Thursday that crude supplies fell by 4.2 million barrels for the week ended May 25.
- Survey had forecasted a decline of 600,000 barrels, while the American Petroleum Institute on Wednesday reported a rise of 1 million barrels.
- Gasoline stockpiles edged up by 500,000 barrels for the week, while distillate stockpiles also rose by 600,000 barrels, according to the EIA. Survey forecasted supply declines 1.5 million barrels of gasoline and nearly 1.1 million barrels for distillates.
- Oil Spread: Spread widens between WTI and Brent: U.S. crude futures traded as much as $11 below Brent, the deepest discount since early 2015. Traders say the tide of light sweet crude from the United States is threatening to swamp the global market.

Source: Reuter

Our view: Fundamentals are still looking weak as increasing supply from US and inventory keeping high oil prices under check. On the chart, a critical support base is found near $65.60 per barrel for Crude Oil WTI Future contract and we may see further decline only on a break below this level till $64 and $61.80. A bullish move is seen only on the break above $68.30.

ABans Group

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