Gold rises, US bond yields fall and dollar corrects on expectations of a Fed rate Hike

- Gold prices were modestly higher as US. bond yields fell and the dollar was on track to snap a three-week winning streak, however, traders remained cautious on the yellow metal ahead of a widely expected U.S. rate hike next week.

- **Fed Meeting**: Renewed expectations of a faster pace of rate hikes come on the back of a string of bullish U.S. economic data, strengthening investor expectations of the U.S. economy being on a solid footing.

- **Dollar:** The dollar wallowed near a three-week low against peers as U.S. Treasury yields fell sharply, while the euro's recovery remained intact amid expectations that the European Central Bank would begin unwinding its stimulus program.

- **U.S. Data**: The number of Americans filing for unemployment benefits unexpectedly fell last week, pointing to a further tightening in the labor market conditions.

Source: Bloomberg, Reuters

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

Copper retreats from highs after a six days rally

- London copper retreated on Friday after a six-day rally that pushed the metal to its strongest in 4-1/2 days, amid worries over potential supply disruptions at the world's biggest copper mine where wage talks are underway.

- **Possible Mine strike:** The union of workers at the BHP-operated Escondida copper mine in Chile last week kicked off labor negotiations with a contract proposal that includes a bonus of about $34,000 per worker, sparking fears of a possible strike.

- **China Data:** China imports surged on robust demand, trade surplus was at $24.90Billion, China's May Exports hold up, Imports surged on robust demand.

- Exports rose 12.6 percent in May, higher than a forecast of 11.1 percent. Imports surged 26 percent, leaving a trade surplus of $24.9 billion.

- **Chile Output:** Chile's copper production in April jumped 6.4 percent from the same month a year earlier, boosted by increased output at large privately held mines in the world's top copper producing country

Source: Bloomberg, Reuters

Our view: *Copper faces stiff resistance near a level of $7317 per ton which was reached in December 2017 and needs to break above for further bullish move. Profit booking is keeping prices under pressure and an immediate support base is seen around $7056 per ton. The short-term trend is still looking positive and buying on corrective dips is preferred over selling on the rise.*

Crude Oil prices stabilize after WTI and Brent Spread widens to highest levels since 2015

- Oil prices were stable on Friday, supported by Venezuela's struggles to meet its supply obligations and by ongoing output cuts led by producer cartel OPEC, although surging U.S. crude output was looming over the markets.

- **Crude Oil spread between Brent and WTI**: One of the key features of oil markets recently has been the widening discount of U.S. WTI crude versus Brent, which has almost quadrupled since February to more than $11 per barrel, its steepest discount since 2015.

- U.S. crude oil production hit another record last week at 10.8 million barrels per day (bpd). Rapid increase in production from the U.S. pushed up this spread.In North America, surging U.S. output has put pressure on WTI crude futures.

- **Russia & OPEC Meeting:** Brent has been pushed up by voluntary production cuts led by the Middle East dominated producer cartel of the OPEC and by top producer Russia, which was put in place in 2017.

- The group and Russia are due to meet at its headquarters in Vienna on June 22 to discuss the production policy. While the outcome of those talks is unclear, most analysts do not think that OPEC will turn on its taps all the way.

Source: Bloomberg, Reuters

Our view: *Crude Oil WTI futures contract is finding a support base near $64.22 per barrel and a stiff resistance at $67.30 per barrel. Until we see any breakout in any direction, range bound movement may continue further. Although the counter corrected from the recent high of $72.83 per barrel, the decline may continue further towards $61.95 per barrel and more below this level till $57.80 per barrel as it breaks and holds below $64.22 per barrel.*

ABans Group

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