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- ▲ Gold prices are trading near \$1794 with moderate loss today but significantly lower from last week's high of \$1833. Strength in dollar index and bond yields due to hawkish fed comments is keeping prices under pressure. However, global spike in new Covid infections, gold prices are anticipated to be sustained by safe-haven demand. The 7-day average of new U.S. Covid infections rose to a record 605,883 on Thursday.
- ▲ Sharp recovery in US 10yrs bond yield is negative for gold prices. US 10yrs bond yield is now trading at 1.799 which is sharply higher from recent low of 1.335 registered on December 3rd. Strength in dollar index is also negative for gold prices. US Dollar index future is now trading at 95.90 which is moderately higher from yesterday low of 95.70 however it is still below recent high of 96.895 registered on December 15th.
- ▲ The gold to silver ratio is now at 80.29, which is higher than the recent low of 77.64 set on December 28th and lower than the recent high of 82.20 set on December 15th. The gold-silver ratio is a measurement of gold and silver's price connection. The ratio illustrates how many ounces of silver are required to equal one ounce of gold. Silver is inexpensive when the ratio is higher than the historical average. The 100-day SMA for gold to silver ratio is 76.99, while the 200-day SMA is 73.22
- ▲ As suggested in the CFTC Commitments of Traders report in the week ended 4 January 2022, net long Gold futures' dropped by 5495 contracts to 211355. Speculative longs dropped by 7296 contracts while shorts dropped by 5495 contracts.
- ▲ Gold ETF holdings witnessed inflows as holdings at SPDR Gold Shares now stand at 977.09 tonnes on January 7th from 975.67 tonnes on December 31st.
- ▲ On economic data front, Japan Nov household spending unexpectedly fell -1.3% y/y, weaker than expectations of +1.2% y/y, and the fourth straight month spending has declined. US Dec nonfarm payrolls rose +199,000, weaker than expectations of +450,000 and the smallest increase in a year. The Dec unemployment rate fell -0.3 to a 22-month low of 3.9%, showing a stronger labor market than expectations of 4.1%. U.S. Nov consumer credit rose a record +\$39.99 billion (data from 1905), stronger than expectations of +\$20.00 billion.
- ▲ Gold prices are likely to find support from increased demand as a hedge against inflation after Eurozone Dec CPI rose a record +5.0% y/y (data from 2001), stronger than expectations of +4.8% y/y.

Outlook

- ▲ Gold prices are likely to remain under pressure due to rising bond yield. It may face stiff resistance near \$1826-\$1855 while immediate support level could be seen around \$1774-\$1752.

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