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Gold retreats after bond yields continued their rally  
Crude oil bounced on increasing economic optimism

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## GOLD RETREATS AFTER BOND YIELDS CONTINUED THEIR RALLY

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- ▲ Gold prices declined on Friday as global bond yields started showing strength again. Gold prices are currently trading near \$1,700, sharply lower from the recent high at \$1,738 which was registered on Thursday.
- ▲ The Benchmark United States 10-Year Bond Yield was trading above 1.598 on early session on Friday and sharply higher from the previous day's closing. A similar trend was witnessed in Germany, France, Japan, Italy and Australia 10 year bond yields. The dollar index found strength from rising global bond yields and pushing other assets class lower.
- ▲ However gold prices found support on President Joe Biden on Thursday signed his \$1.9 trillion stimulus bill into law and said he was working to speed COVID-19 vaccinations and move the country closer to normality by July 4.
- ▲ On the US economic data front, on Thursday's weekly initial unemployment claims fell -42,000 to a 4-month low of 712,000, against expectations for a decline to 725,000. Also, Jan JOLTS job openings rose +165,000 to an 11-month high of 6.917 million, stronger than expectations of 6.700 million.
- ▲ Bullion prices also found support ECB Governing Council comments. ECB expects Pandemic Emergency Purchase Program (PEPP) purchases to ramp up at a "significantly higher" pace over the next quarter than during Q1. The ECB opted on Thursday to leave its Pandemic Emergency Purchase Program, or PEPP, unchanged, at a total of 1.85 trillion euros (\$2.21 trillion) due to last until March 2022.
- ▲ Gold prices to get fresh direction from the Fed meeting next week. Fed is factoring in \$1.9 trillion worth of stimulus and its implications. However, a comment on rising global bond yields would be interesting to watch out for.

### Outlook

- ▲ Gold prices are likely to face stiff resistance near 10 days EMA at \$1,720 and 20 days EMA at \$1,744 while it may find a strong support base around \$1,691-\$1,668

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## CRUDE OIL BOUNCED ON INCREASING ECONOMIC OPTIMISM

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- ▲ Crude oil rose on increasing economic optimism after President Joe Biden on Thursday signed his \$1.9 trillion stimulus bill into law. Also, ECB on Thursday to raise its Eurozone 2021 GDP estimate to 4.0% from a December forecast of 3.9% was positive for energy demand.
- ▲ US gasoline demand continued to grow, data from the U.S. Department of Transportation showed vehicle miles traveled on U.S. highways rose +10% w/w to 14.6 billion miles in the week ended March 7, indicating stronger U.S. gasoline demand which is supportive of crude oil prices.
- ▲ Vaccination drive across the globe is increasing rapidly which is positive for energy demand. As

per Bloomberg, more than 326 million doses administered across 121 countries as of Wednesday.

- ▲ Meanwhile, China Jan-Feb crude exports climbed to 11.13 million bpd, up +22% from December and the most since September.
- ▲ OPEC's monthly report showed that global 2021 crude demand is likely to drop by 250,000 bpd to an average of 27.26 million bpd. OPEC cited lower economic activity due to ongoing lockdown measures, voluntary social distancing, and other pandemic-related development if the first half however OPEC expects demand to recover in second half of 2021.
- ▲ As per latest EIA report, US crude oil inventories as of March 5 were +6.0% above the seasonal 5-year average, gasoline inventories were -6.2% below the 5-year average, and distillate inventories were -4.2% below the 5-year average. US crude oil production in the week ended March 5 rose 9.0% w/w to 10.9 million bpd.

## Outlook

- ▲ Crude oil prices are likely to trade firm on positive demand outlook. It may find support around \$64.90-\$63.30 per barrel while key resistance is seen near \$67.20 and \$68.30 per barrel

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