
WTI Crude is expected to trade in the red while trading below \$70.30
Weaker bond yields and mounting delta variant cases helped boost gold prices

WTI CRUDE IS EXPECTED TO TRADE IN THE RED WHILE TRADING BELOW \$70.30

- ▲ Weaker bond yields and mounting delta variant cases helped boost gold prices
- ▲ WTI Crude Oil prices are now hovering at \$66.56, a significant drop from the recent high of 76.98 set on July 6th. Oil prices have fallen about 13.5 percent since their latest high. The OPEC+ pact is expected to increase oil supply, while increased COVID-19 infections are expected to reduce oil demand, lowering oil prices.
- ▲ Oil prices have been under pressure since OPEC+ agreed on Sunday to increase oil supply from August to calm prices, which had reached their highest level in more than two years earlier this month.
- ▲ On the economic front, the July NAHB housing market index in the United States unexpectedly dipped -1 point to an 11-month low of 80, falling short of expectations of stable at 81.
- ▲ The increased number of COVID-19 cases around the world is anticipated to have an impact on oil demand. According to Johns Hopkins University, the global COVID-19 caseload has surpassed 190.8 million, with over 4.09 million deaths, with Russia, Vietnam, and Myanmar emerging as new hotspots of cases, albeit immunizations have surpassed 3.64 billion.
- ▲ The net long position in crude oil futures fell by 25139 contracts to 497351 for the week ended July 6, according to the CFTC Commitments of Traders report. The speculative long position lost 24799 contracts, while the short position gained 340 contracts.
- ▲ According to the EIA, US crude oil stockpiles were -8.1 percent below the seasonal 5-year average as of July 9, gasoline inventories were -0.5 percent below the seasonal 5-year average, and distillate inventories were -3.7 percent below the seasonal 5-year normal.
- ▲ Meanwhile, US crude oil output grew +0.9 percent w/w to a 14-month high of 11.4 million bpd in the week ending July 9, down -1.7 million bpd (-13.0%) from the record-high of 13.1 million bpd set in February 2020.
- ▲ Additionally, Baker Hughes announced on Friday that active US oil rigs increased by 2 rigs in the week ending July 16 to a record 1-1/4-year high of 380 rigs. A spike in crude oil rigs in the United States is projected to boost production in the country.

Outlook

- ▲ WTI Crude oil prices are likely to continue negative as long as they remain below the important resistance level of the 50-day EMA at \$70.30, with immediate support near \$64.15.

WEAKER BOND YIELDS AND MOUNTING DELTA VARIANT CASES HELPED BOOST GOLD PRICES

- ▲ Gold prices have rebounded from a recent low of \$1795 and are now trading above \$1815, aided by a decline in US bond yields and fears about a steady rise in Delta variant infections; nevertheless, the dollar index's strength is limiting gains.
- ▲ A drop in global bond yields is a positive sign for gold. On Monday, the yield on the 10-year Treasury note fell to 1.174 percent, the yield on the German 10-year bond fell to -0.402 percent, and the yield on the 10-year UK gilt fell to 0.516 percent, all of which were 5-1/4 month lows. The dollar index rose to a three-and-a-half-month high on Monday, putting downward pressure on precious metals prices.
- ▲ Rising coronavirus cases in the United States and other nations have fueled fears of a pandemic return, and gold prices have been underpinned by safe-haven demand. The increased number of COVID-19 cases around the world is anticipated to have an impact on gold prices. According to Johns Hopkins University, the global COVID-19 caseload has surpassed 190.8 million, with over 4.09 million deaths, with Russia, Vietnam, and Myanmar emerging as new hotspots of cases, albeit immunizations have surpassed 3.64 billion.
- ▲ On the economic front, the July NAHB housing market index in the United States unexpectedly dipped -1 point to an 11-month low of 80, falling short of expectations of stable at 81.
- ▲ The net long position in gold futures climbed by 20595 contracts to 182824 contracts for the week ended July 6, according to the CFTC Commitments of Traders report. 16339 contracts were added to the speculative long position, while 4256 contracts were removed from the short position.

Outlook

- ▲ Gold prices are expected to find significant support about \$1784-\$1773, while immediate resistance is expected near \$1830-1842.

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