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Gold awaits fed statement later tomorrow

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## GOLD AWAITS FED STATEMENT LATER TOMORROW

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- The debt issue at developer China Evergrande Group, as well as a crackdown on real estate in China, have bolstered demand for safe haven gold. However, the gains have been restricted due to uncertainties about the Fed's bond-buying plans. Investors are waiting for details from the Federal Reserve's two-day policy meeting, which begins today. Officials from the Federal Reserve are anticipated to begin laying the basis for tapering. According to a Bloomberg poll of analysts, the Fed is expected to make a formal statement on tapering in November. However, if the Fed takes a more hawkish stance at this meeting, gold's attraction would be weakened, potentially leading to a sell-off in precious metals.
- When ECB Executive Board member Schnabel said the ECB "is still more concerned about inflation being too low rather than too high," it bolstered the positive trend in gold.
- On the global economic statistics front, German August PPI grew +1.5 percent m/m and +12.0 percent y/y, beating predictions of +0.8 percent m/m and +11.1 percent y/y, with the +12.0 percent y/y advance being the highest since 1977. The NAHB housing market index in September unexpectedly increased by one point to 76, beating predictions for a decrease to 74 and marking the first increase in five months. For gold prices, the global economic data is mixed.
- Concerns about the global spread of the delta have continued to promote gold as a safe haven asset. The global economic recovery will be hampered by the Covid variant. For the first time since March 1, the seven-day average of coronavirus mortality in the United States surpassed 2,000 on Sunday. With nearly 45,000 deaths in the last 28 days, the total number of confirmed deaths in the United States has surpassed 700,000. According to Johns Hopkins University, the global coronavirus caseload has surpassed 229 million, with more than 4.69 million deaths and more than 5.93 billion vaccines.
- The net long of gold futures increased by 1721 contracts to 207760, according to the CFTC Commitments of Traders report for the week ended September 14. The speculative long position has grown by 971 contracts, while the speculative short position has shrunk by 750 futures. This week, gold prices have rebounded, which may result in a net rise in log position at this week's data.

### Outlook

- Gold prices are projected to remain in the \$1785-\$1747 area ahead of the outcome of the US Federal Reserve meeting on Wednesday. A key support level is near \$1758-\$1747, while a major resistance level is near \$1774-\$1785.

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