
Slight weakness in the dollar pushed silver prices up
Crude oil eyes OPEC meeting next week

SLIGHT WEAKNESS IN THE DOLLAR PUSHED SILVER PRICES UP

- ▲ Silver is currently trading near \$26.285 at the time of writing this report, sharply high from Monday's low of \$25.580. Weakness in the US dollar index is likely to support precious metals prices. The dollar index is currently trading near 91.74 which is sharply lower from a high of 92.395 registered on June 18.
- ▲ However, weaker than expected US economic data is likely to keep a cap on Silver prices.
- ▲ On the economic data front, US weekly initial unemployment claims fell -7,000 to 411,000, showing a weaker labour market than expectations of 380,000. Also, May capital goods orders nondefense ex-aircraft & parts unexpectedly fell -0.1% m/m, weaker than expectations of +0.6% m/m.
- ▲ However positive economic data from Eurozone is likely to provide support to silver prices. The German Jun IFO business climate rose +2.6 to a 2-1/2 year high of 101.8, stronger than expectations of 100.7. France Jun business confidence rose +5 points to a nearly 14-year high of 113, stronger than expectations of 110.
- ▲ According to the CFTC Commitments of Traders report for the week ended June 15, the net long for silver futures jumped 2258 contracts to 52064 for the week. The speculative long position gained 5213 contracts, while shorts increased by 2955 contracts.

Outlook

- ▲ Silver prices are likely to find immediate support near \$25.67 and \$25.10 while immediate resistance is seen around 20 days EMA at \$26.87 and 50 days EMA at \$27.017

CRUDE OIL EYES OPEC MEETING NEXT WEEK

- ▲ WTI Crude oil is trading near \$73.28 per barrel; prices are consolidating near this range ahead of the OPEC meeting next week.
- ▲ Oil prices are likely to rearing under pressure if Saudi Arabia may go along with an increase in OPEC+ crude production. Saudi Energy Minister Abdulaziz bin Salman said that "we have a role in taming and containing inflation, by making sure that the market doesn't get out of hand."
- ▲ Bloomberg report said Russia is considering a proposal that OPEC+ increase its crude production. OPEC+ has already revived about 2 million BPD of its idle production from May to July, but some members have been calling for an increase in output as crude prices have rallied to a 2-1/2 year high.
- ▲ However, energy demand is likely to be supported by President Biden's infrastructure plan. President Biden announced that he had reached a deal with U.S. lawmakers on a \$579 billion 5-year infrastructure plan, which may boost economic growth.

- ▲ Thursday's US economic data was weaker than expected and negative for energy demand.
- ▲ On Iran US talk's front, The Jerusalem Post reported Wednesday that U.S. negotiators wanted to delay the start of the seventh round of negotiations of nuclear talks to hear from Israel's new government on the issue. A delay in US-Iran negotiation is likely to keep excess oil supplies away from the market.
- ▲ Strength in the US and Chinese gasoline demand is supporting oil prices. Data from Descarte Labs showed U.S. gasoline demand in the week ended June 18 rose +0.7% w/w to 9.587 million BPD, the highest this year. Estimates from China's top oil companies show China May gasoline demand was 5% higher than the same period in 2019.
- ▲ On the inventory front, Wednesday's weekly EIA data showed that US crude oil inventories as of June 18 were -5.8% below the seasonal 5-year average, gasoline inventories were -0.6% below the 5-year average, and distillate inventories were -4.5% below the 5-year average.
- ▲ Meanwhile, U.S. crude oil production in the week ended June 18 fell -0.9% w/w to 11.1 million BPD and was down by -2.0 million BPD (-15.3%) from the Feb-2020 record-high of 13.1 million BPD.

Outlook

- ▲ WTI Crude oil prices are holding near \$73.11 ahead of the OPEC meeting next week, It may find stiff resistance around \$74.4 and \$75.20 while immediate support level could be seen near 20 days EMA at \$70.99 and 50 days EMA at \$68.07

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