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WTI Crude oil looks positive while above \$59.63, eyes on OPEC+ meeting next week  
Strength in Global Bond yields to keep gold prices under pressure

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## **WTI CRUDE OIL LOOKS POSITIVE WHILE ABOVE \$59.63, EYES ON OPEC+ MEETING NEXT WEEK**

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- ▲ Crude oil prices are trading above one year high on the backdrop of weakness in the dollar index which fell to the lowest level in more than one month. Assurance from the U.S. Federal Reserve that interest rates would stay low is supportive for economic growth in the US and supportive for crude oil demand. Crude oil prices also found support from the EIA report which indicates that US Crude oil production fell last week. However, inventory built up and negatives US economic data have limited the gains in the oil prices.
- ▲ According to the weekly report from EIA US crude inventories climbed by 1.3 million barrels against market expectation of a drop of 4.8 million barrels for the week ended Feb. 19. U.S. crude oil inventories as of Feb 19 were +0.3% above the seasonal 5-year average, gasoline inventories were +0.8% above the 5-year average, and distillate inventories were +3.2% above the 5-year average. Texas refineries now have restarted production after last week's freeze; However, EIA indicated that a severe winter storm in Texas has caused US crude production to drop by more than 10 percent, or 1 million barrels per day (BPD) last week.
- ▲ US economic data released yesterday are likely to keep oil prices under pressure and US Q4 GDP was revised upward to only 4.1% (q/q annualized) from 4.0%, weaker than expectations of 4.2% (q/q annualized). Jan durable goods orders nondefense ex-aircraft, a proxy for capital spending, rose +0.5% m/m weaker than expectations of +0.8% m/m. In addition, Jan's pending home sales unexpectedly fell -2.8% m/m, weaker than expectations of unchanged and the biggest decline in 9 months. However employment data is supportive for oil demand as US weekly initial unemployment claims fell -111,000 to a 2-1/2 month low of 730,000, showing a stronger labor market than expectations of 825,000.
- ▲ Crude oil prices to get fresh direction next week as The Organization of the Petroleum Exporting Countries and its allies including Russia are due to meet on March 4. The group will discuss a modest easing of oil supply curbs from April given a recovery in prices.

### **Outlook**

- ▲ WTI Crude oil prices like to trade firm while above key support levels around 20 days EMA at \$59.63 while critical resistance levels is seen around \$64.49 and \$65.1

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## **STRENGTH IN GLOBAL BOND YIELDS TO KEEP GOLD PRICES UNDER PRESSURE**

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- ▲ Gold prices have continued their slide from yesterday and currently trading near \$1,757. Rising global bond yields are pushing non-yielding gold prices lower. The 10-year T-note yield surged to a 1-year high Thursday of 1.609%. Also, the 10-year UK gilt yield rose to an 11-month high Wednesday of 0.829%, and the 10-year German bund yield climbed to an 11-month high of -0.216%. Also, the Japan 10-year JGB bond yield rose to a 2-1/4 year high Thursday of 0.154%.

- ▲ Fed comments on Thursday signaled the central bank is not concerned with rising bond yields also pushed gold prices lower. Kansas City Fed President George said, "The notable rise in longer-term interest rates does not warrant a monetary response." Also, St. Louis Fed President Bostic said the recent rise in yields is "probably a good sign" as it reflects a better U.S. economic growth outlook.
- ▲ Thursday's U.S. economic data such as US GDP numbers durable goods orders and pending home sales were mostly supportive of gold; however a drop in jobless claims was negative for gold prices.

## Outlook

- ▲ Gold prices are likely to trade negatively while below key resistance level around 20 days EMA at \$1,804 and 50 days EMA at \$1,831 while immediate support level could be seen around \$1,740-\$1,716.

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