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Upside in Gold is capped due to strength in the dollar index and bond yields  
WTI Crude oil prices are likely to consolidate near \$60

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## **UPSIDE IN GOLD IS CAPPED DUE TO STRENGTH IN THE DOLLAR INDEX AND BOND YIELDS**

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- Strength in bond yields and the dollar index is keeping gold prices under pressure. Dollar index prices rallied above four-month high and bond yields continued a recovery rally. The 10-year T-note yield on Thursday rose +1.3 bp to 1.623%, which is moderately below last Thursday's 13-month high of 1.753% and currently trading near 1.658%, Dollar index is trading near 92.733 which is sharply higher from recent lows of 89.165. Gold prices are consolidating near \$1727, where the upside is capped due to strength in the dollar index and bond yields.
- On the economic data front, U.S. Q4 GDP was revised upward to 4.3% (q/q annualized) from 4.1%, against expectations of no change at 4.1%. Also, weekly initial unemployment claims fell -97,000 to a 1-year low of 684,000, against expectations of 730,000. Both data were supportive of the US dollar and negative for gold prices.
- Meanwhile, UK retail sales recovered slightly in February as consumers settled into the second month of a lockdown. British retail sales rose by 2.1% in February from January. However, PCE prices index number and Core PCE price index data US is likely to provide further direction to gold prices which is scheduled to be released later today.
- Gold prices found support from Fed comments. Fed Chair Powell said the Fed would wait until the economy has "all but fully recovered" before pulling back its emergency stimulus measures. Also, Fed Vice Chair Clarida said, "it will take some time for economic activity and employment to return to levels that prevailed at the business cycle peak reached last February."
- The third wave of coronavirus in the Eurozone is providing safe-haven support to gold prices as it is negative for economic growth and indicating that dovish policies will stay for a longer period. The overall number of global Covid-19 cases has surpassed 125.53 million, while the deaths have surged to more than 2.76 million, according to the Johns Hopkins University.

### **Outlook**

- Gold prices are likely to face stiff resistance near 20 days EMA at \$1737 and 50 days EMA at \$1770 while it may find support level around \$1705 and \$1690.

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## **WTI CRUDE OIL PRICES ARE LIKELY TO CONSOLIDATE NEAR \$60**

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- A rally in the dollar index on Thursday to a 4-1/4 month high have pushed crude oil prices lower but it is likely to trade near \$60 on mixed fundamentals.
- The rising number of global coronavirus cases and third wave in the Eurozone have decreased the chances of fast economic recovery and limited energy consumption in the region. However positive global PMI numbers and other economic data have provided support to the prices.
- Crude oil prices also receiving support from the continued closure of the Suez Canal as a container ship remains aground and continues to block ship traffic through the canal. A container ship ran aground in the Suez canal Wednesday and continues to block tanker traffic

through the canal. Attempts are continuing to free the ship, but it is lodged approximately 5 meters into the canal's bank and may remain stuck until Monday when a high tide will give salvage crews their best chance refloating the ship. About 1 million BPD of crude oil passes through the canal every day.

- India's oil ministry reported Monday that India's Feb crude imports dropped -18.3% y/y to 15.2 MMT, the lowest in 6 months. A drop in energy demand from India is negative for oil prices.
- As per the latest EIA report, the US crude oil inventories as of March 19 were +6.4% above the seasonal 5-year average gasoline inventories were -3.4% below the 5-year average, and distillate inventories were +1.3% above the 5-year average. Also, U.S. crude oil production in the week ended March 19 rose +0.9% w/w at 11.0 million BPD which is negative for oil prices.

## Outlook

- WTI Crude oil prices are finding a strong support base near 50 days EMA \$59.00 and 100 days EMA at \$54.66 while it may face stiff resistance around \$62.37 and 63.88.

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Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: [info@abans.co.in](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

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