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Gold is holding firm ahead of the Fed Meeting  
Crude to remain under pressure  
Lead rebounds after taking support near the 20-day SMA

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## GOLD IS HOLDING FIRM AHEAD OF THE FED MEETING

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- ▲ Talks of extra US stimulus measures, a rising number of coronavirus cases, and renewed concerns over economic recovery are keeping the safe-haven demand intact for gold.
- ▲ Gold may trade firm ahead of the Fed Meeting announcement later today. The FOMC monetary policy decision is a focus today, but it's unlikely to give the greenback any sustainable support.
- ▲ Economic data released yesterday, showed that the Conference Board's Consumer Confidence Index edged lower from 98.3 in June (revised from 98.1) to 92.6 in July, against a market forecast of 94.5. Wholesale Inventories, and pending home sales data, will be released later today.
- ▲ The Federal Reserve announced yesterday that it is extending its lending programs to businesses, individuals & the government till the end of the current calendar year; the program was originally set to expire on 30th September, 2020. The Fed will announce the outcome of its 2-days meeting later today. We expect the Fed to leave the Fed funds target rate unchanged at 0-0.25%, with no change to their QE stance. The Fed may signal future paths, and could keep the policy stance unchanged.
- ▲ According to data by China's Gold Association, gold consumption in China declined 38% YoY in H1 of 2020 to 323.29 tonnes, because of Covid-19, although demand started to recover in the second quarter. Chinese consumption in the Q1 of 2020 was down almost 50% YoY to 144.09 tonnes, while Q2 of 2020 saw a decline in consumption by 26.2% YoY to 174.66 tonnes.

### Outlook

- ▲ Gold is holding firm above \$1,950, which is just between the new high of \$1,980, and the 2011 peak of around \$1,921.50. The Fed decision is expected to provide further direction to the market. Technically, the overall trend is still looking positive.

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## CRUDE TO REMAIN UNDER PRESSURE

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- ▲ Resurgence of coronavirus cases across the globe, and US-China tensions has renewed the concerns for the global economy. Crude oil demand could drop further, and will keep oil prices under pressure in the near term. Four U.S. states reported one-day record for corona virus deaths on Tuesday, and cases in Texas passed the 400,000 mark. In Hong Kong, the government on Wednesday warned that the city is on the edge of a large-scale coronavirus outbreak, and urged people to stay indoors as much as possible.
- ▲ Crude oil prices found some support from a drop in US inventory. Crude oil inventories fell by 6.829 million barrels for the week ended July 24, against market forecasts of a buildup of 357,000 barrels, an American Petroleum Institute (API) release on Tuesday showed. Official weekly inventory report from the EIA will be released later today.

### Outlook

- ▲ WTI crude oil prices are trading in a range, and may consolidate below the 200-day SMA (\$43.09). Meanwhile, support could be seen around the 50-DMA at 38.61. We expect the overall trend to remain negative, and the markets could get further direction from an EIA Inventory Report, and the Fed Meeting decision later today.

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## LEAD REBOUNDS AFTER TAKING SUPPORT NEAR THE 20-DAY SMA

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- ▲ Operating rates for primary lead smelters in top lead producing smelters in China decreased by 1.30% to 52.6% for the week ended 24th July from the previous week. The operating rates for secondary lead smelters was up by 0.30% to 53.5% from the previous week; secondary lead smelters recycle used lead, including those found in car batteries. Better operating rates at the secondary smelters indicate that the recycle industry has picked up. Operating rates at major lead-acid battery producers averaged 65.71% for the week ended 24th July.
- ▲ Parity, which is the difference between the SHFE and the LME, after calculating for the VAT and the currency, is currently trading at 708Yuan, indicating a strong trend for Chinese lead, driven by fundamental demand for the metal. Markets also await the Fed decision due today, which could influence market sentiment for the coming days.

### Outlook

- ▲ Lead has found support just below the 20-day SMA, from where it has rebounded swiftly. The metal looks set to rise further towards \$1,890 & \$1,910 levels, while support is seen at \$1,830 & \$1,795 levels.

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