DAILY ANALYSIS REPORT

Friday, April 30, 2021

ABANS

## Strength in dollar index likely to keep Gold prices under pressure
## The positive trend likely to continue in Crude Oil

## STRENGTH IN DOLLAR INDEX LIKELY TO KEEP GOLD PRICES UNDER PRESSURE

- Strength in the dollar along with a surge in global bond yields is likely to keep gold prices under pressure. The dollar index is trading near 90.748 which has recovered from yesterday's low of 90.398, however still far away from the recent high of 93.470 registered on March 31. The United States 10-Year Bond Yield is now trading at 1.645 which recovered from the recent low of 1.531 registered on April 23 still sharply lower from the recent high of 1.7760 registered on March 30th. Gold prices are currently trading near $1,769 with moderate losses from yesterday's closing.
- Gold has underlying support from the Covid pandemic, which is dovish for central bank policies. The overall global Covid-19 caseload has topped 150.1 million, while the deaths have surged to more than 3.16 million, according to the Johns Hopkins University.
- On the economic data front, US weekly initial unemployment claims fell by 13,000 to a 14-month low of 553,000. Also, U.S. Q1 personal consumption rose +10.7%, against expectations of +10.5%. In addition, Eurozone Apr economic confidence rose +9.4 to a 2-1/2 year high of 110.3, stronger than expectations of 110.3. On the negative side, U.S. Q1 GDP rose +6.4% (q/q annualized), weaker than expectations of +6.7%. Also, U.S. Mar pending home sales rose +1.9% m/m, weaker than expectations of +4.4% m/m. Economic data were mixed for gold prices.

### Outlook

- Recovery in the dollar index and Bond Yield from the recent low is likely to keep gold prices under pressure. It is likely to face stiff resistance near $1,790-$1,807, however, it may find an immediate support level around $1,762-$1,737.

## THE POSITIVE TREND LIKELY TO CONTINUE IN CRUDE OIL

- Crude oil prices continued the positive move from last week's low of $60.66 per barrel and currently holding near $64.38 per barrel. Increased demand optimism due to positive economic data is supporting crude oil prices.
- Goldman Sachs has projected that global oil consumption will surge +5.2 million BPD over the next six months, and crude prices will soar to $80.00 a barrel. Goldman projects that overall crude demand will increase to 99 million BPD in Q1 versus 94.5 million BPD currently as the pace of vaccinations accelerates in Europe. Goldman estimates the easing of international travel curbs in May will boost global jet fuel demand by +1.5 million BPD.
- OPEC+ said they would proceed with plans to slowly revive crude production as global demand recovers from the pandemic and restarts about 2.0 million BPD of daily output over the next three months, beginning with an increase of +600,000 BPD in May. The group also expects global stocks to reach 2.95 billion barrels in July, taking them below the 2015-2019 average. Oil production and oil inventory levels are likely to balance the oil market and likely to keep supporting oil prices.

- Kuwait Oil Minister Mohammad Abdulatif al-Fares said that global demand for crude oil "improved noticeably" as a result of COVID-19 vaccine rollouts and economic stimulus in major economies.
- Meanwhile, Libya's National Oil Corp (NOC) said that it is lifting force majeure at its Hariga oil port and is gradually restarting crude production there. Crude production is being restarted in Hariga after the NOC received 1 billion dinars ($224 million) from the government to maintain oil fields and pipelines. An increase in oil production may limit the gain in crude oil prices.
- On the Inventory front, EIA crude inventories unexpectedly rose +90,000 bbl against expectations of a -500,000 bbl draw. Also, EIA gasoline supplies unexpectedly rose +92,000 bbl against expectations of a -50,000 bbl draw. However, EIA distillate stockpiles fell by -3.34 million bbl, against expectations of -1.24 million bbl, the weekly inventory report was mixed for oil prices.

## Outlook

- Crude oil prices are likely to trade firm on increasing demand optimism worldwide. It may trade firm while above key support level of 20 days EMA of $62.57 per barrel and 50 days EMA of $60.80 per barrel. It is likely to face stiff resistance around $66.57 per barrel and $67.69 per barrel.

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