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Strength in the dollar index to keep gold prices under pressure  
Increasing Demand optimism to support nickel prices

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

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- Gold prices traded negative as the dollar index found safe-haven support from growing concern that more countries will need to re-impose pandemic lockdowns as the dangerous Delta Covid-19 variant spreads throughout the world. Gold is currently trading near \$1759 which is sharply lower than the recent high of \$1919.20 registered on June 1st. Meanwhile, the US dollar index currently trading above 92.0 which is sharply higher from the recent low of 89.53 registered on May 25th.
- Additionally, Hawkish comments from global central banks are likely to keep gold prices under pressure. The Federal Reserve Bank of Richmond's President Barkin said if the US labor market can get "significantly further along," I'd be ready to start to taper asset purchases. Also, Minneapolis Fed President Kashkari said the US economy is positioned for a "very strong" recovery. ECB Vice President Guindos said the ECB expects "inflation in the medium-term to remain below our aim," which fueled speculation the ECB might maintain its euro-negative stimulus measures.
- Covid-19 infection numbers have supported safe-haven gold prices however; the 7-day average of new US Covid-19 infections last Wednesday fell to a new 15-month low of 11,351. However, the Japanese government is likely to extend pandemic restrictions in Tokyo and other areas by 2 to 4 weeks beyond July 11<sup>th</sup>, when they were set to expire.
- Global economic data released yesterday, were mostly mixed for gold prices. Japan May retail sales of -0.4% m/m and +8.2% y/y against expectations of -0.7% m/m and +8.1% y/y. The Japan May jobless rate rose +0.2 to a 5-month high of 3.0%, against expectations of 2.9%. The June Eurozone economic confidence index rose +3.4 to a 21-year high of 117.9 against expectations of 116.5. Also, the June French consumer confidence indicator rose +4 to a 15-month high of 102, against expectations of 100. German Jun CPI (EU harmonized) index rose +0.4% m/m and +2.1% y/y, against than expectations of +0.3% m/m and +2.1% y/y. The US Apr CoreLogic composite-20 home price index rose +14.9% y/y, against expectations of +14.7% y/y and the biggest increase in more than 15 years. Also, the Conference Board US Jun consumer confidence index rose +7.3 to a 16-month high of 127.3, against expectations of 119.0.
- According to the CFTC Commitments of Traders report for the week ended June 22 net long for gold futures dropped by 25,822 contracts to 1,66,214 for the week. Speculative long position dropped by 20,794 contracts, while shorts added by 5,028 contracts.

### Outlook

- Gold prices are likely to continue a negative trend while below the key resistance level of \$1793-\$1803 while an immediate support level could be seen near \$1735-\$1720

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## INCREASING DEMAND OPTIMISM TO SUPPORT NICKEL PRICES

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- LME Nickel prices are currently trading near \$18487, prices have recovered from the recent low of \$15670 registered in Mar'21. Increasing demand optimism for electric battery and electronic vehicles is supportive of Nickel prices. Nickel prices also found support from infrastructure plan in the US.
- Meanwhile, Japan's biggest nickel smelter Sumitomo Metal Mining said that Global demand for nickel used in batteries is expected to rise 18 percent this year from 2020. Nickel demand is backed by strong sales of electric vehicles (EVs) in China. It said that the demand for nickel used in rechargeable batteries will increase to 228,000 mt in 2021 from 193,000 mt in 2020.
- Additionally, the Company predicted that a global nickel market surplus will narrow to 58,000 mt this year from 132,000 mt in 2020 as robust demand from the stainless steel sector will offset the higher output of nickel pig iron (NPI) in Indonesia.
- Global demand for nickel is seen increasing by 9.2 percent in 2021 to 2.58 million mt, while supply is expected to climb by 5.8 mt to 2.638 million mt. As per the report from the International Nickel Study Group, it indicates that during the first four months of the year, the global nickel market saw a deficit of 34,900 mt. Japan's demand for nickel is projected to rise 15.7 percent to 167,400 mt, while supply is forecast to fall 2.4 percent to 165,800 mt.
- LME warehouse inventory of Nickel now stands at 2,33,814 mt as of June 29th which has dropped near 13,680 mt in the last 30 days.

### Outlook

- LME Nickel prices are likely to trade firm while above the key support level of 20 days EMA of \$18021 and 50 days EMA of \$17752. It is likely to face minor resistance near \$18794 and \$19000

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