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Gold prices are trading with minor gains  
Above-average temperature forecast to keep NG prices lower

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## GOLD PRICES ARE TRADING WITH MINOR GAINS

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- Gold prices are trading with minor gains from the previous week on the backdrop of some correction in the dollar index. However, the gold rally is likely to be halted due to strength in global equities which will reduce safe-haven demand for the precious metal. Gold prices are also likely to trade weak following strength in US 10 year bond yields. Gold is trading near \$1,733, slightly higher from a recent low of \$1,676.50 registered on March 30. The dollar index is trading near 92.62 which is marginally lower from a recent high of 93.47 registered on March 31. The United States 10-Year Bond Yields is currently trading near 1.711 which is a significantly higher level in recent months; however, prices are still below the recent high of 1.776 registered on March 30.
- According to the CFTC Commitments of Traders report for the week ended March 30, net long for Gold futures dropped by 6,539 contracts to 167,528 for the week. Speculative long position increased by 679 contracts, while shorts also gained by 7,218 contracts.
- On the economic data front, the U.S. Mar ISM services index rose +8.4 to 63.7, stronger against expectations of 59.0, also US Feb factory orders ex-transportation fell -0.6% m/m, stronger than expectations of -1.1% m/m. Data is supportive of gold prices.
- Gold has underlying support from the Covid pandemic. The overall global Covid-19 caseload has topped 131.6 million, while the deaths have surged to more than 2.85 million, according to the Johns Hopkins University. Fresh lockdown norm in India and Eurozone has increased economic uncertainty and positive for safe-haven demand for gold.

### Outlook

- Gold prices are currently trading firm and are likely to face stiff resistance near 50 days EMA at \$1,757 and 100 days EMA at \$1,799. Meanwhile it a find strong support base near \$1,714 and \$1,691.

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## ABOVE-AVERAGE TEMPERATURE FORECAST TO KEEP NG PRICES LOWER

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- Natural Gas prices are currently trading near \$2.551 which is sharply lower from a recent high of \$2.688 which was registered on March 30. However, NG prices are still higher from a recent low of \$2.422 registered on March 18.
- The Commodity Weather Group on Monday said that much of the U.S. should see above-average temperatures through April 9 and that warm conditions for both the East and West Coasts will last through April 14. Above-average temperature is likely to reduce heating demand and will be keeping NG prices lower. As per data from Bloomberg, US domestic demand for natural gas on Monday fell -7.6% y/y to 60.6 bcf. Also, US electricity output in the week ended March 27 fell -0.9% y/y to 67,594 GWh (gigawatt hours). Natural gas is used in electricity production.
- However, Natural Gas prices are likely to receive support from higher export numbers and low production levels. Gas flows to U.S LNG export terminals on Monday rose +37% y/y to 11.7 bcf. On March 20, gas flows to U.S LNG export terminals climbed to a record 11.92 bcf (data from 2014) according to BNEF. US gas production continues to decline on Monday and fell -1.3% y/y to 91.752 bcf/d.

- Meanwhile, NG inventories in US continued to grow which is negative for prices. As per a latest weekly report from EIA showed that U.S. nat-gas inventories rose +14 bcf to 1,764 bcf. However, NG inventories are down by 11.0% y/y and are by 2.0% below their 5-year average.
- As per a report from Baker Hughes, USNG drilling rigs in the week ended April 2 fell -1 rig to 91 rigs, well above the record low of 68 rigs posted in July 2020 (data since 1987).

## Outlook

- Natural Gas prices are likely to trade negatively while below the key resistance level of 50 days EMA of \$2.669 while it may find a strong support base around \$2.410 and \$2.332

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