
Gold holds in range ahead of US CPI data

GOLD HOLDS IN RANGE AHEAD OF US CPI DATA

- Gold prices are currently trading at \$1784 per toz, following a little recovery from a recent low of \$1762.20 on December 2. Prices are kept in check by the strength of the dollar index and the yield on US bonds. However, gold prices are anticipated to take a new direction as a result of the US CPI data, which will provide insight into the Federal Reserve's tapering and interest rate decisions at its upcoming meeting. The Consumer Price Index (CPI) report for November is expected to be 0.7 percent, according to a Reuters poll.
- On other economic data front, China CPI accelerated to 2.3% yoy in November, up from 1.5% yoy, but below expectation of 2.5% yoy, China PPI slowed to 12.9% yoy, down from October's 26-year high of 13.5% yoy, above expectation of 12.6%. According to the Japanese government's Business Outlook Survey, conditions for all large corporations improved notably from 3.3 to 9.6 in Q4. Japan Q3 GDP was revised downward to -3.6% (q/q annualized) from -3.0%, weaker than expectations of -3.1%. U.S. Oct JOLTS job openings rose +431,000 to a 3-month high of 11.033 million, showing a stronger labor market than expectations of 10.469 million.
- The dollar and gold have continued safe-haven support from the negative impact of the worldwide spread of the delta and omicron Covid variants on the global economic recovery. The news that the Chinese government will accelerate economic growth and that the omicron version will have a limited impact on global recovery has influenced gold prices. As the UK prepares to announce further Covid restrictions, including vaccine passports for major venues and a directive to work from home, gold has gained
- ECB Governing Council member Kazaks said the omicron form of Covid had to inflict serious damage to the Eurozone economy before he would approve extra stimulus measures. According to ECB Vice President Guindos, "we can expect some growth regression in the near run" due to the new omicron type, but "solid rebound in the medium term."
- The net long position in gold futures fell by 25,369 contracts to 2,34,411 contracts, according to the CFTC Commitments of Traders report for the week ended November 23. The number of speculative longs fell by 34,120 contracts, while the number of speculative shorts fell by 8,751 contracts.
- According to a Bloomberg analysis for the World Gold Council, India purchased 446.4 tonnes of gold in 2020, with 360 tonnes purchased in the first nine months of 2021. India's gross imports were around 400 tonnes last year and 703 tonnes this year between January and September.

Outlook

- Gold prices, which are currently hovering around \$1784, are anticipated to find solid support near \$1778-\$1764; however, immediate resistance is likely to be found near \$1795-\$1810.

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