Gold jumps as US Fed Chief highlights dovish case

Market Overview
Spot Gold closed at $1419.02 per ounce on Wednesday 10/07/19 with a 1.53% gain against Tuesday’s closing price. Gold prices jumped as US Federal Reserve Chairman Jerome Powell spoke out on subdued economic momentum and rising market risks. Lackluster PMIs, muted inflation levels and US trade protectionist policies have been cited as key threats towards US economic stability for the coming term. The US Fed Chief further downplayed strong jobs data (June 19) whilst leaning towards a dovish posture on monetary policy. Rising US rate cut expectations as such buoyed gold prices significantly whilst laying strong bearish pressure to the US dollar. (1.1, 1.2 and technical chart below)

Key Market Commentaries
Key performance indicators to monitor and observe for gold pricing trends.

Market Updates: US FOMC Meeting Minutes (June 2019)
The Federal Open Market Committee Minutes have reflected for strong jobs gains in the US labour market (June 19). US unemployment rate stands at 3.6% whilst household spending illustrates for optimal results (1H 2019). US inflation levels (1.8% - May) and business fixed investment data have indicated for muted results as economic data stay sub-par for the current term. FOMC officials have since dropped ‘patience’ from monetary policy guidance whilst noting for rising market uncertainties. With the US Fed Chief illustrating for dovish signals in Congress, the precious metal looks poised to benefit from greenback weakness in the near term.

Daily Market Assessment
Dovish comments by the US Fed Chief have affirmed US rate cut expectations. Rising trade tensions along with subdued global growth concerns will support safe haven appeal in the near term. Gold prices as such looks poised to extend the bullish wave over US dollar weakness and strong technical buying activities.

Today’s Outlook: Bullish (1408 – 1440)

Mid-Term Market Assessment
Gold prices spiked after US FOMC Officials indicated for a dovish pivot on monetary policy guidance. Subdued global economic momentum along with heightened geopolitical tensions has created significant tailwinds for safe haven assets. Though we remain optimistic on bullion appeal over looming dollar weakness, we caution against exceedingly bullish calls over a strong recovery in risk appetites (Q3).

Q3 2019 Outlook - Spot Gold XAUUSD: $1380 - $1440

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Get today’s analysis on market fundamentals and pricing action on the first page of the report.

Get technical analysis, economic calendars and pricing charts on the second page of the report.
Trend Analysis for Gold – XAUUSD

The precious metal rode on a strong positive momentum to clock more than 1.5% of gains. Stochastic readings have indicated for an upturn in momentum as gold prices executed for resumption in the bullish trend scenario. An extension of the bullish wave will see market bulls target the next main station of 1440.00.

Today’s trading range for Spot Gold (XAUUSD):
Key Resistance Level (1): 1440.00 Key Support Level (1) & (2): 1408.00 & 1382.00

Key Economic Indicators

<table>
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<tr>
<th>Economic Releases</th>
<th>Region</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous Result</th>
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<tbody>
<tr>
<td>Tertiary Industry Index</td>
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<td>11/07/19</td>
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<td>11/07/19</td>
<td>221K</td>
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Source: Bloomberg
Diagram 1.1 – US Dollar Index

Chart type: Bloomberg – US Dollar Index (DXY) – Day Chart

Diagram 1.2 – US S&P 500 Index

Chart type: Bloomberg – United States S&P 500 Index – Day Chart
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