Gold Daily

Thursday, 17 October 2019

Gold Benchmark

<table>
<thead>
<tr>
<th>Product</th>
<th>Opening Price</th>
<th>% Change from previous Day OP</th>
</tr>
</thead>
<tbody>
<tr>
<td>XAU/USD ($)</td>
<td>1490.13</td>
<td>0.62%</td>
</tr>
<tr>
<td>COMEX Gold Futures ($)</td>
<td>1494.2</td>
<td>0.63%</td>
</tr>
<tr>
<td>TOCOM Gold Futures (¥)</td>
<td>5170</td>
<td>-0.25%</td>
</tr>
</tbody>
</table>

Source: Bloomberg

Gold regains ground over weaker US economic data

Market Overview
Spot Gold closed at $1490.13 per ounce on Wednesday 16/10/19 with a 0.61% gain against Tuesday’s closing price. Gold prices regained lost ground over weaker-than-expected US retail sales data (Sep 19) as investors look towards an additional 25bps rate cut by Fed policymakers during the coming FOMC meet. Downbeat US economic data dimmed global trade optimism (Phase 1 US-China trade truce) as markets turn wary over lackluster conditions in consumer spending. Safe haven assets though supported over looming market risks has experienced considerable headwinds over a series of positive headlines in the current term. Traders will look towards Fed speeches and economic releases for forward guidance on US monetary policy (4Q). (See diagram 1.1, 1.2 and technical chart below)

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

Market Updates: Will Fed policymakers cut US interest rates (-25 bps)?
Market expectations continue to gear towards a 25bps reduction in US borrowing costs at the next FOMC meeting (October 29th-30th). The US Federal Reserve has cut its benchmark rate twice (2019) amid growing downside risks for the current term. A synchronized global economic slowdown along with rising market risks (Brexit, US-China trade war & US yield curve inversion) have turned Fed policymakers dovish in support of US economic expansionary activities. Softer US economic data before the next FOMC meeting will affirm market expectations for dovish monetary policies in the current quarter (4Q).

Daily Market Assessment
Gold prices remain largely range-bound as markets balance between US rate cut expectations and a series of positive headlines in the current term. Softer geopolitical overtones have cooled the strong bullish momentum seen in Q3 as money managers engage in profit-taking activities (Long liquidation). We continue to expect for tight ranging conditions to encapsulate price action for gold before the coming US FOMC Meet.

Today’s Outlook: Range-Bound (1474 – 1500)

Mid-Term Market Assessment
Subdued global economic momentum along with growing market risks have bolstered bullion appeal significantly in 3Q 2019. Persistent weakness in business surveys and lackluster inflation levels has prompted interventionist policies (Dovish) by global central banks. Accommodative monetary policies along with geopolitical uncertainties will support safe haven assets for the coming term (4Q).

4Q 2019 Outlook - Spot Gold XAUUSD: $1500 - 1575

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.

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### Trend Analysis for Gold – XAUUSD

![Gold Price Chart](chart.png)

**Chart type:** Phillip Futures MetaTrader 5 - Spot Gold (XAUUSD) Price Chart – 4H Chart

*Gold prices bounced amidst strong support at key technical level of 1474.00.* The precious metal continues to illustrate for range-bound conditions as market forces remain irresolute on price trajectory. Should gold prices break beneath key support level of 1486.00, we expect for a bearish extension towards the next main station of 1474.00 in the near term.

**Today’s Trading Range for Spot Gold (XAUUSD):**
- **Key Resistance Level (1) & (2):** 1500.00 & 1510.00
- **Key Support Level (1) & (2):** 1486.00 & 1474.00

### Key Economic Indicators

<table>
<thead>
<tr>
<th>Economic Releases</th>
<th>Region</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Starts</td>
<td>US</td>
<td>17/10/19</td>
<td>1320K</td>
<td>1364K</td>
</tr>
<tr>
<td>Initial Jobless Claims</td>
<td>US</td>
<td>17/10/19</td>
<td>215K</td>
<td>210K</td>
</tr>
<tr>
<td>Industrial Production</td>
<td>US</td>
<td>17/10/19</td>
<td>-0.2%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

**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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