Gold edges lower over global trade optimism

Market Overview
Spot Gold closed at $1484.50 per ounce on Monday 21/10/19 with a 0.37% loss against Friday’s closing price. Gold prices declined for the 2nd consecutive day as market optimism grew over signs of progress in the US-China trade truce deal. US Trade Representative Robert Lighthizer has spoken out on plans to finalize phase one of the deal with China during the APEC meet in Chile (16th – 17th November). Reduced potential for a no deal Brexit over majority support by UK MPs on the government’s withdrawal agreement bill further bolstered global risk appetites. Softer geopolitical overtones have imposed negative pressures on the precious metal as investors pivot towards interest-yielding assets in the current term. (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: Where will gold prices go after peaking in Sep 19?
A revival in global risk appetites has led to profit-taking activities by money managers. CFTC Comex Gold Managed Money Long Contracts declined to 0.245m (15/10) from previous highs of 0.348m. Heightened market optimism over a Phase 1 US-China trade truce deal has limited bullish gains for the safe haven asset as investors recalibrate portfolio exposures. Weaker-than-expected global economic data along with a declining US dollar though granting fundamental support has yet to provide significant tailwinds for the precious metal. Gold prices though easing up on a strong bullish momentum will stay vigorous over mounting economic challenges and geopolitical uncertainties for the coming term.

Daily Market Assessment
Market optimism over positive headlines in Brexit and US-China trade relations has spurred risk assets forward whilst imposing headwinds on the non-interest bearing asset (Gold). Though we remain optimistic on safe haven appeal for 4Q, traders should take caution at key support level of 1480.00 as strong technical selling may drive gold prices towards 1473.00 and 1459.00 (Previous-Lows) in the near term.

Today’s Outlook: Range-Bound (1477 – 1494)

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.
Trend Analysis for Gold – XAUUSD

Gold prices declined for the 2nd consecutive day as market bears retain control of the negative trend scenario. Failure to hold above key support level of 1480.00 will see gold prices recede towards the next main station of 1473.00 and 1459.00 by extension. Gold bulls must break above 1486.00 for a resumption of positive trades towards key resistance level of 1494.00 on an intraday basis.

Today’s Trading Range for Spot Gold (XAUUSD):
Key Resistance Level (1) & (2): 1494.00 & 1505.00
Key Support Level (1) & (2): 1480.00 & 1459.00

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<th>Region</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous Result</th>
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<tr>
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<td>22/10/19</td>
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<td>22/10/19</td>
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</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