



Market Headline: Gold gains for another week even as investors eye FOMC ahead

A Morning Market Commentary

Summary

- Gold and Silver rises but face headwinds from FOMC expectations.
- Palladium and platinum finished week on a strong note on continuing tension on Ukraine border

Gold and other precious metals stayed buoyant at opening on Monday in Asia after precious metals made weekly gains last week on worries surrounding inflation and Russia-Ukraine tensions. Despite closing lower on Friday to close the day on moderate losses, precious metals have had a strong week. Reduced demand for gold as a hedge against inflation weighed on prices Friday after the U.S. 10-year breakeven inflation rate dropped to a 3-3/4 month low. Losses in metals were however limited Friday due to a weaker dollar and falling stock prices, which boosted the safe-haven demand for precious metals. Gold prices also had support Friday from a decline in global bond yields. Supply concerns due to the Russia-Ukraine tensions and potential Western sanctions on key palladium producer Russia and an export ban on the metal vital for the automotive industry had elevated concerns over Russia not exporting the metal vital for clean environment.

The Market attention for the the week would focus on the U.S. Federal Reserve's policy meeting on Jan. 25-26. As inflation had risen faster than previously expected in the U.S. the central bank to tighten policy at a much faster pace than thought a month ago to tame persistently high inflation.

As of 0080 SGT Monday, Spot Gold was higher by +0.45 at 1834.34. Gold for April Delivery on Comex was higher +2.9 (+0.16%) at \$1837.0 an ounce. The outgoing active GC February gold contract on Friday closed had down -10.80 (-0.59%), while March silver closed down -0.396 (-1.60%).

The United States and Western countries sought to project unity and a tough stance over Ukraine on Thursday, after U.S. President Joe Biden suggested allies were split over how to react to any potential "minor incursion" from Russia. The Comex 100oz Gold contract has risen about 0.84% last week, as investors sought cover from worries about a possible extension of U.S. sanctions or new EU measures if Russia attacks Ukraine.

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Helped in part by a possible supply hit, as Russia is a major producer, palladium rose 2.2% to \$2,105.18 per ounce and has rallied about 12.1% this week. Platinum, which fell 0.5% to \$1,033.86, was set for its best week since last June. Potentially boosting autocatalyst demand for palladium and platinum, "passenger car output data suggest that auto production may have passed the trough at the tail end of 2021," Capital Economics wrote in a note. "Although, with investment in new semiconductor output taking years to bear fruit and the large backlog of orders that has built up, it is highly uncertain when auto output will stage a full recovery."

COMEX GOLD ACTIVE APRIL22 DAILY



(Courtesy of Phillip Nova)

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