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GOLD PRICES ARE LIKELY TO REMAIN UNDER PRESSURE

- CME Gold future is now trading near \$1922 which is marginally up from yesterday low of \$1888.30 however prices are sharply lower from last week high of \$1967.2 and recent high of \$2078.8 registered on 8th March 2022.
- Gold prices are drifting lower due to a hope for a cease-fire in Ukraine undercut the safe-haven demand for precious metals. Russia's promise to scale down military operations around Kyiv and northern Ukraine but Russia doesn't consider it as ceasefire and talks on a formal agreement with Kyiv are still far away. Treasury yields eased following the talks, as it likely to ease inflationary pressures from high commodity prices.
- On economic data front, the German Feb import price index rose +1.3% m/m and +26.3% y/y, weaker than expectations of +1.6% m/m and +27.2% y/y. Conversely, German Apr GfK consumer confidence fell -7.0 to a 14-month low of -15.5, weaker than expectations of -14.5.
- Comments Tuesday from Philadelphia Fed President Harker were hawkish for Fed policy and negative for gold when he said he expects a series of "deliberate, methodical" increases in the fed funds rate this year and he is "open" to a half-point rate hike at the May FOMC meeting if near-term data shows more inflation. The Federal Reserve's increasingly aggressive approach to curbing inflation is still weighing on gold.
- According to the CFTC Commitments of Traders report for the week ended March 22nd, net long of gold futures sank 13756 contracts to 248032. Speculative longs dropped 18071 contracts while shorts reduced by 4315 contracts.

Outlook

- Gold prices are likely to remain under pressure from hawkish central bank policy adoption by US FED, BOE and ECB despite ongoing war between Russia and Ukraine. Gold may find immediate support level around \$1890-\$1868 meanwhile important resistance level could be seen near \$1931-\$1951

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