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- The dollar and gold have maintained their safe-haven status as a result of the negative impact of the omicron Covid variant's global spread on global economic recovery. Gold is hovering around \$1925, slightly higher than the psychological barrier of \$1900 and significantly higher than the recent low of \$1888.80 set on March 29th.
- In March, China's services industry fell at its fastest pace in two years, owing to an increase in corona virus cases. The Caixin services Purchasing Managers' Index (PMI) fell from 50.2 in February to 42.0 in March.
- The February trade deficit in the United States was -\$89.185 billion, which was higher than predictions of -\$88.500 billion and only slightly down than January's record high deficit of -\$89.229 billion.
- In addition, the March ISM services index increased by 1.8 points to 58.3, falling short of estimates of 58.5. Industrial production in France declined -0.9 percent m/m in February, against projections of -0.3 percent m/m and the largest drop in five months. The Eurozone March S&P Global composite index was raised by 0.4 points to 54.9 from 54.5 before.
- Household consumption in Japan increased by 1.1 percent year over year in February, against estimates of +2.7 percent. The Japan Mar Jibun Bank composite PMI was raised by 1.0 points to 50.3 from 49.3 earlier.
- When Fed Governor Brainard said Tuesday that the task of reducing inflation pressures is "paramount" and that the FOMC "will continue tightening monetary policy methodically through a series of interest rate increases and by starting to reduce the balance sheet at a rapid pace as soon as the May meeting," she was hawkish for Fed policy and bearish for gold prices.
- Gold prices, on the other hand, are benefiting from the Eurozone's concern over the Russia-Ukraine conflict. Bloomberg reported Tuesday that the European Union (EU) plans to impose a forced phaseout on coal imports from Russia owing to Russia's alleged war crimes in Ukraine. Most Russian trucks and ships are also expected to be barred from entering the EU by the European Commission.
- According to the CFTC Commitments of Traders report for the week ended March 29, net long of gold futures increased by 9564 contracts to 257596. Speculative longs dropped 1028 contracts while shorts reduced by 10592 contracts.

Outlook

- Gold prices are likely to stay firm while above key support level of \$1903-\$1887 meanwhile immediate resistance could be seen around \$1938-\$1953

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