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Gold is consolidating near \$1780  
Natural Gas is likely to trade firm

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## GOLD IS CONSOLIDATING NEAR \$1780

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- Gold prices are currently consolidating near \$1780 on the backdrop of marginal weakness in the US dollar index and positive global manufacturing data.
- On the economic data front on Wednesday, The U.S. Jun Markit manufacturing PMI unexpectedly rose +0.5 to a record 62.6 (data from 2007), against expectations of a decline to 61.5. Also, the Eurozone Jun Markit manufacturing PMI was unchanged at a record 63.1 (data from 2018), against expectations of a decline to 62.3. US May's new home sales unexpectedly fell -5.9% to a 1-year low of 769,000, weaker than expectations of +0.2% to 865,000.
- However, hawkish comments from Atlanta Fed President Bostic are likely to keep gold prices under pressure. He said that a decision to taper Fed bond purchases could be in 3-4 months, and "given the upside surprises in recent data points, he has pulled forward his projection for the first Fed interest rate hike to late 2022."
- Meanwhile, ECB Vice President Guindos said he expects "very significant growth in the Eurozone" in the second half of the year which supportive of industrial metals demand but negative for gold prices.
- According to the CFTC Commitments of Traders report for the week ended June 15, net long for gold futures slipped by 17351 contracts to 192036 for the week. Speculative long position dropped by 14834 contracts, while shorts gained by 2517 contracts.

### Outlook

- Gold prices are likely to face stiff resistance near \$1794 and \$1826 while it is likely to find immediate support level near \$1761-\$1749

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## NATURAL GAS IS LIKELY TO TRADE FIRM

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- Natural Gas prices bounced from a recent low of \$3.137 and holding gains near \$3.323. After a forecast from The U.S. Weather Prediction Center that a heatwave with record-high temperatures for the Pacific Northwest and California starting June 26. The Weather Company had said that warmer temperatures are expected in the Northwest and Northeast from June 27-July 1, and above-average temperatures are expected for the Northwest from July 2-6. It likely to increase gas consumption. The producer uses natural gas to generate electricity to meet rising air cooling demand.
- Natural Gas prices are likely to find support from strong export demand and increasing electricity production in the US. Gas flows to U.S LNG export terminals on Wednesday were 11 bcf, up +14% w/w. Additionally, the Edison Electric Institute reported Wednesday that total U.S. electricity output in the week ended June 19 rose +10.6% y/y to 86,207 GWh (gigawatt hours).

- However domestic consumption dropped on Wednesday, it was 60.7 bcf, down -11% y/y.
- However, increasing gas production in the US and the increasing number of the active gas rig is likely to keep a cap on prices. As per Bloomberg data gas production, Wednesday was up +4.6% y/y at 91.145 bcf/d. Baker Hughes reported that the number of active US gas drilling rigs in the week ended June 18 rose by +1 rig to 97 rigs, well above the record low of 68 rigs posted in July 2020.
- On the inventory front, as per the weekly EIA report, US gas inventories in the week ended June 11 rose +16 bcf to 2,427 bcf, however, inventories are still down -16.1% y/y and -4.9% below their 5-year average. Natural Gas prices are likely to get fresh direction from the weekly inventory report later today. The consensus is for weekly EIA natural gas inventories to climb +64 bcf.
- According to the CFTC Commitments of Traders report for the week ended June 15, net short for natural gas futures increased by 5188 contracts to 107696 for the week. The speculative long position gained 23218 contracts, while shorts increased by 28406 contracts.

## Outlook

- Natural Gas July month expiry contract is likely to trade firm while above the key support level of 20 days EMA at \$3.192 and 50 days EMA of \$3.055 meanwhile it may face stiff resistance near \$3.455-3.527

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