

Gold prices gained on Wednesday after hitting a one-week low in the previous session, as fears of escalating U.S.-China trade tensions curbed risk appetite and increased the appeal of safe-haven bullion.

The dollar edged lower for a second consecutive day on growing expectations of a rate cut next week, supporting gold prices further.

U.S. President Donald Trump defended the use of tariffs as part of his trade strategy, while China vowed a tough response if Washington insists on escalating trade tensions amid ongoing negotiations. Trump also emphasised he was holding up a trade deal with China and had no interest in moving ahead unless Beijing agrees again to four or five “major points”, which he did not specify. Trump is expected to meet Chinese President Xi Jinping at the G20 summit in Japan later this month.

Meanwhile, gold bulls are also optimistic of an interest rate cut by the U.S. Federal Reserve. Fed policymakers will meet on June 18-19 against the backdrop of rising trade tensions, slowing U.S. growth and a sharp step-down in hiring last month that have led markets to price in at least two rate cuts by the end of 2019.

Holdings of SPDR Gold Trust, the world’s largest gold-backed exchange-traded fund, fell marginally to 756.18 tonnes on Tuesday from 756.42 tonnes on Monday.

Oil prices fell more than 2% on Wednesday, weighed down by a weaker demand outlook and a rise in U.S. crude inventories despite expectations of extended supply cuts led by OPEC.

The U.S. Energy Information Administration (EIA) cut its forecasts for 2019 world oil demand growth and U.S. crude production on Tuesday. A surprise increase in U.S. crude stockpiles also kept oil prices under pressure.

U.S. crude inventories rose by 4.9 million barrels in the week ended June 7 to 482.8 million barrels, data from

the American Petroleum Institute (API) showed on Tuesday. That compared with analyst expectations for a decrease of 481,000 barrels.

Trade tensions between the United States and China, the world’s two biggest oil consumers, also weighed on prices. U.S. President Donald Trump said he was holding up a trade deal with China.

Hedge fund managers are liquidating bullish oil positions at the fastest rate since the fourth quarter of 2018.

With the next meeting of the Organization of the Petroleum Exporting Countries set for the end of June, the market is looking to whether the world’s major oil producers will prolong their supply cuts.

Metal	11/06/2019	12/06/2019
Aluminum	-9450	-10825
Copper	-125	-325
Lead	+175	+725
Nickel	-18	+114
Zinc	0	+625
Indices	Close	Change
Sensex	39756.81	-0.48
Nifty	11906.20	-0.50
Nasdaq	7822.57	-0.01
FTSE	7340.23	-0.79
CAC	5365.80	-0.79
DAX	12084.29	-0.59
Nikkei	21129.72	-0.35
Straits	3207.74	-0.06
Hang Seng	27308.46	-1.73
Shanghai	2909.38	-0.56
SGX Nifty	11921.50	-0.03

## Today's Calls



### GOLD - Aug

<b>Buy Around</b>	-	32665.00,
<b>Target</b>	-	33070.00,
<b>Stop Loss</b>	-	32408.00.

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<b>Sell Around</b>	-	408.80,
<b>Target</b>	-	403.70,
<b>Stop Loss</b>	-	411.60.

## Global Data

1:45pm	EUR	ECB President Draghi Speaks
2:30pm	AUD	RBA Assist Gov Ellis Speaks
3:05pm	EUR	German 10-y Bond Auction
6:00pm	USD	CPI m/m
	USD	Core CPI m/m
8:00pm	USD	Crude Oil Inventories
10:31pm	USD	10-y Bond Auction
11:30pm	USD	Federal Budget Balance

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