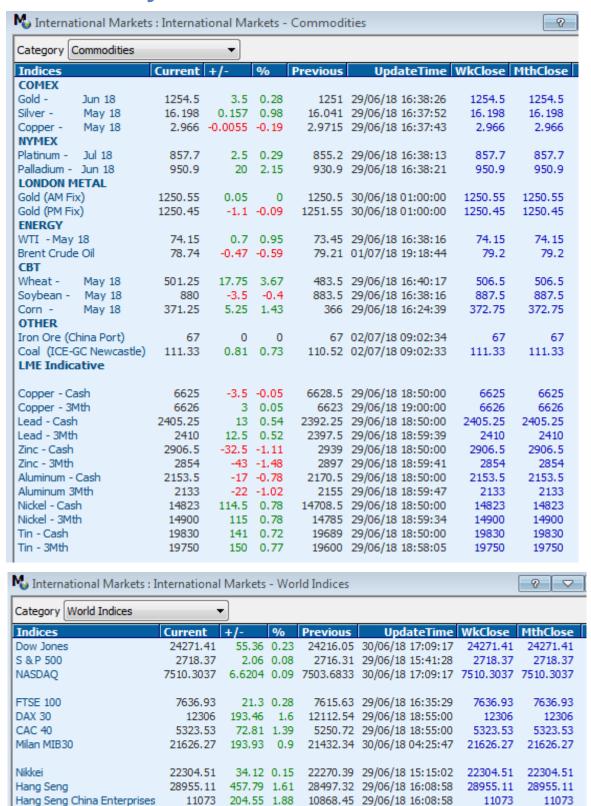


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Daily Resources Overview



3257.57 29/06/18 17:10:00

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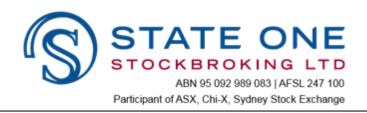
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Straits Times

Shanghai Composite

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PRECIOUS METALS COMMENTARY

Today's modest price increase has had little effect on the weekly tally. As of 3:30 PM Eastern standard time, gold futures (August 2018 Comex contract) are trading \$1.80 higher on the day, and currently fixed at \$1252.80. Considering gold opened on Monday at approximately \$1,272 per ounce, this week's activity resulted in a decline of \$20.

Analysts are struggling to pinpoint gold's future direction after prices hit a 12-month low earlier this week, yet many agree that the yellow metal is oversold and is due for a rebound. Gold prices continue to trade under heavy pressure on Friday, closing down what was a very tough week, where gold saw all of its year-to-date gains erased while ignoring escalating trade tensions and weaker than expected Q1 U.S. GDP data. Analysts are still puzzled as to why gold -- a safe-haven asset -- is failing to attract investors at such a low price and amid unstable geopolitical environment. All have explanations, pointing to rising U.S. dollar and hawkish Federal Reserve, but most are still taken aback by gold's weakness.

"The move down in gold prices was a bit more than we expected. It was surprising that despite trade tensions, the only safe haven that didn't benefit was gold," Capital Economics analyst Simona Gambarini told Kitco News on Friday. The U.S. dollar index touched a one-year high this week, nearing 95.50, while August Comex gold futures tumbled below \$1,248 and came close to 12-month lows.

"Dollar has wind in its sails," Mitsubishi analyst Jonathan Butler said, noting that he was surprised that "gold did not benefit at all from concerns around trade war between the U.S. and China. And trade wars in more generally between the EU and the U.S."

One of the reasons why the U.S. dollar has been stealing all of the safe-haven attention is market's perception that a trade war will narrow the U.S. trade deficit because of less trade with the rest of the world, which in return will strengthen the U.S. dollar, according to Butler.

"There are good fundamental reasons to believe gold should be doing better, but those are being outweighed by macro sentiment and a stronger dollar," he said.

Gambarini noted that aside from higher U.S. dollar weighing on precious metal's prices, futures market has also been bearish to gold. "A lot of investors have liquidated their positions or turned short on futures markets, which could have exacerbated the move down," she explained. Source: Kitco

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