

**Technical Report:** Gold prices whipsawed and moved higher touching support near the 10-day moving average at 1,318. Additional support is seen near the 50-day moving average at 1,290. Momentum has turned neutral. The fast stochastic generated a crossover sell signal in overbought territory. The current reading on the fast stochastic is 78, just below the overbought trigger level of 80. The RSI moved lower reflecting decelerating positive momentum. The RSI moved from overbought to neutral and reflects consolidation. The MACD histogram is printing in the black with a declining trajectory which points to consolidation.

**Daily Support/Resistance :**

| S3   | S2   | S1   | Pivot | R1   | R2   | R3   |
|------|------|------|-------|------|------|------|
| 1310 | 1317 | 1323 | 1329  | 1337 | 1344 | 1351 |



**Fundamental Report:** Gold prices moved lower but rebounded into the session close, to settle nearly unchanged, forming a doji day with a long tail. Prices touched support as the dollar initially gained traction following a stronger than expected US Core PPI report.

The US yields whipsawed but were mostly unchanged. Gold has eased as the safe haven allure came off the value as the US agreed to hold off any tariffs on Mexican imports into the United States.

The Labor Department on Tuesday reported that the US producer price index increased 0.1% in May after gaining 0.2% in April. On a year over year basis PPI climbed 1.8%, slowing from April's 2.2% advance.

The market continues to price in 2-rate cuts in 2019, based on easing inflation and lower jobs data. Global interest rates are also very low with European short rates in negative territory. The bond market is screaming for rate cuts, with tariffs beginning to erode global growth.

That being said, the current break is necessary to bring the market back into a value area. This zone is \$1313.70 to \$1304.40. A test of this area should attract new buyers. That's where I think the market is headed on this break.

If the Treasury traders got it right then the Fed should lower interest rates in June or July. This could be the start of two or perhaps three rate cuts this year. Rate cuts tend to be bullish for gold.

Today traders will get an opportunity to react to U.S CPI and Core CPI, Any negative number for the dollar could push gold prices higher.

Data(DXB): **4:30PM** CPI m/m (Expected 0.1%, Previous 0.3%) Core CPI m/m (Expected 0.2%, Previous 0.1%)

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