

Dollar index (DXY) witnessed spike after US Fed raised rates by 25 basis points on 13th June but soon slipped back into negative territory as the rate hike was already discounted by the market. The US CPI last week came above 6 years high and Fed indicated that two more increases are likely this year. The language was hawkish and now traders will focus on policy update from ECB on 14th June. Dollar index could propel higher if ECB fails to stop quantitative easing program. We expect some small amount of correction but we don't think Dollar index may see any major correction as looking at the fundamental data that GDP expectation was revised up along with inflation while the unemployment rate was revised down. All of this is US dollar positive. Technically, DXY has stubbornly sustained above 93 levels and it needs to break 93 before we can witness selling momentum getting accelerated. Since the last 1 month, DXY is trading in a narrow range between 93 and 95. It needs to break from this range before sellers can gain upper hand.

[Gold](#) has gone to sleep since the middle of May. The precious metal's rise in weigh down by rise in US Dollar and the prospect of rate hike from FED. The trading range is becoming narrower and narrower. Now that the event is unfold, we expect [gold](#) to rise above this trading range. As stated previously, [gold](#) has solid support at \$1275-\$1280. Short term resistance is at \$1326 which we expect gold to test very soon. Trade issues and European debt issues are supportive for Gold. One of the interesting points is the pessimism seen in gold speculators. They have constantly cutting back their long position making this six out of seven last week that speculative long positions have dropped. Commercial category has covered more than 30,000 contracts of short position despite no real price action in gold. So we are looking at minimum short term bottom in gold.

[Oil](#) prices are trading near \$76 in Brent thanks to strong fuel consumption in the US and drop in inventories. Crude [oil](#) is already discounting rise in production from OPEC. OPEC meeting will be held in Vienna on 22 June. Before the meeting, we are already seeing a rise in crude [oil](#) production from Saudi Arabia and Russia. Saudi Arabia pumped over 100,000 bpd of crude oil more in May, with daily production reaching 10 million bpd. Meanwhile, Russia produced 11.1 million barrel, more than 1,43,000 bpd above the country's quota. Brent Crude right now is trading in a narrow range of \$77-\$75. It is directionless and it needs to break this range before any decision can be taken. We are neutral in Crude and will wait for breakout or breakdown before taking any positions.

Buy Gold

Target: 31,500

Stoploss: 31,000

Gold has digested the Fed rate hike and closed along nicely above \$1300. The trend on MCX is bullish with a higher low and now that the event is unfold, we expect Gold to break \$1326 in COMEX. RSI_14 has already given buy signal by trading above 50 and we are seeing short term moving average of 13 and 20 giving buy signals cross over. Gold has taken support thrice from the rising trendline taken from the low of 29805 and 30095. Going by the momentum and price action on a daily chart, we recommend taking a long position in

Gold with a [target](#) of 31500 and [stop loss](#) of 31000.

Buy [Silver](#)

Target: 41,800

Stoploss: 40,500

[Silver](#) has already broken the previous resistance of 40,900 and we expect the ongoing upside momentum to continue. [Silver](#) had taken support at its 200 day moving average on daily chart around 39,500 and has jumped to 40,900. RSI_14 is trading nicely at 66 with no divergence on a daily scale. The short term moving an average of 13 and 20 has already given buy signal crossover and the emergence of a hammer at the top reiterates our view that the bullish momentum has still steam left on the upside. We recommend taking long positions in silver with a [target](#) of 41800 which is the high made in Sept 2017 and [stop loss](#) of 40500.

Sell Lead

Target: 162

Stoploss: 171

[Lead](#) is finding hard to sustain above 172. Since Oct 2017, it has made high of 171.10, 172.50, 171.80. 171.60. Everytime it faces resistance near 171-172 and we witness correction of 5% to 6%. Recently it made high of 171.60 and is trading at 168. Looking at the past action, we believe [Lead](#) needs to break 172 to gather upside momentum. The Stochastic has given sell crossover and there is a negative divergence in RSI_14 on a daily chart. The recent run up of [lead](#) from price of 158 to 171.80 has made huge gap between moving average and prices and so we expect a prices and moving average to contract and reach at their mean level. We recommend creating short position with a [target](#) of 162 and [stop loss](#) of 171 closing basis.

Disclaimer: The analyst may have positions in any or all the commodities mentioned above.