

Gold Daily Update Wednesday 4th September 2024

Gold Fundamental Analysis:

Gold has underperformed at the start of this week.

After a quiet Monday due to the Labour Day bank holiday in the US, Gold prices sold off on Tuesday from weekly highs at 2,507, down to lows at 2,473 as traders reduced long positions after a disappointing ISM PMI update that showed US manufacturing activity contracted for a fifth straight month in a row, leading to fresh uncertainty around the strength of the economy.



Looking forward, the remainder of this trading week is likely to be a volatile period for Gold with two key US economic data releases on Thursday and Friday that could determine whether the Fed cuts interest rates 25bps (0.25%), as currently anticipated by traders, or cuts by a bigger 50bps (0.5%), which would be a shock. First up, on **Thursday the US ISM Services PMI is released at 1500 BST**. Last month's update showed service activity expanded more than expected which calmed investor nerves of an impending US recession, supporting risk sentiment and higher Gold prices. Another positive release this time could have a similar effect. Then, on **Friday US Non-farm payrolls is released at 1330 BST**. All eyes will be on the direction of the unemployment rate which spiked higher to 4.3% last month leading to a big sell off in Gold to its August lows at 2,364. Expectations are for a slight improvement back down to 4.2%, but if that isn't the case, long Gold positions could come under further pressure.

Gold Technical Analysis:

Daily Analysis:

A downside reaction to recent strength has developed, which yesterday tested 2490 support (rising Bollinger mid-average). While this holds on a closing basis the risks are for fresh upside moves to breach 2532 (Aug 20th high), and open scope to 2547 (upper daily Bollinger band), possibly further.

Renewed breaks under 2490, while not an outright negative, can see a deeper sell-off towards 2465 (38% retrace Aug strength).





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