



## Market Commentary

Gold prices managed to survive major selloff last week by closing above the critical support zone of \$1680. Week was dominated by a continuous rally in US stocks, gold prices too taded lower together with other safe haven assets including the US Dollar. Gold prices at the start of the week managed to hold elevated levels alongside an equity market rally, although gains were capped after the release of positive US data which took the market by surprise.

Major economies across the globe are moving towards slowly lifting the lockdown and bring all focus towards restarting and reviving the economy. Many believe that if the economy is opened up a second wave of pandemic could hit the economy in no time and we are still not ready with any official medicine or antidote which will cure the masses. Many companies have started second round of trials taking steps with an objective to find a vaccine for the pandemic. Hence until and unless there is no official antidote to cure masses and the number of cases and deaths does not slow down panic will continue to affect market supporting precious metal pack at lower levels.

Friction between both US and China is contributing to the chaos already created by the COVID-19 pandemic. President Trump accused China of being the culprit for spreading the virus and impacting global growth. This reignited the to and fro comments between both the power countries. Due to the continuous tussle between the two, phase one deal of the trade deal which was signed at the start of this year is being questioned. China is also not liking the US interference in the Hong Kong issue which continues to develop friction between the two. In the past week there were several contradictory

Gold- Weekly Market Data			
Exchange	Gold	COMEX	MCX
Open	1710.6	1711.8	46750
Close	1685.23	1676.2	46526
Change	-25.4	-37.1	121
% Change	-1.94%	-2.17%	0.26%
Pivot	1690.4	1685.5	46526
Resistance	1710.6	1702.5	46750
Support	1665.0	1659.3	46301

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	17.73	17.50	48474
Close	17.37	17.44	47351
Change	-0.36	-0.06	-1207
% Change	-0.29%	-2.53%	-2.49%
Pivot	17.45	17.47	47687
Resistance	17.71	17.48	48294
Support	17.11	17.44	46743

Ratios	
Gold/Silver	97.82
Gold/Oil	45.86

comments on China's status of US agriculture purchase. Hence until there is some clarity on this aspect, trade tension between the US and China will create distress in the economy.

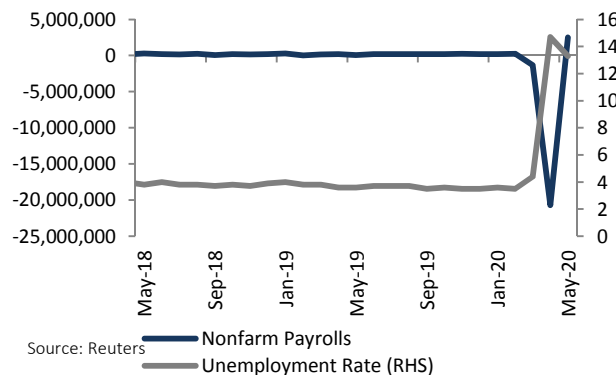
In the earlier weeks BOJ and RBI announced an emergency meeting where the latter decided the cut interest rate by 40bps and announced a few other liquidity measures in order to maintain liquidity flow in the economy. Same way, ECB did not do make any changes in their interest rate although it announced several liquidity measures. ECB increased PEPP target by €600bn and extended time period for PEPP buying until atleast end of June 2021. Such measures are evidence that how badly COVID-19 has impacted the economy. Market participants will keep an eye on the Fed policy meet scheduled later this week, where expectations of interest going into negative zone are less although other stimulus measures and comments from Fed governor will be in focus.

As the world is going towards lifting of the lockdown, positive US jobs data and better than expected PMI numbers from major economies are increasing confidence of market. Investment in gold decreased for the week ended 7th June, 2020 and holdings currently stand at 1132.20 tonnes compared to holding of 1123.14 tonnes in the previous week. Holding in ishares ETF increased by 263 tonnes and holdings currently stand at 14,672.38 tonnes. CFTC position suggests that speculators continue to remain bullish some sell off was seen amidst recent fall in metal prices.

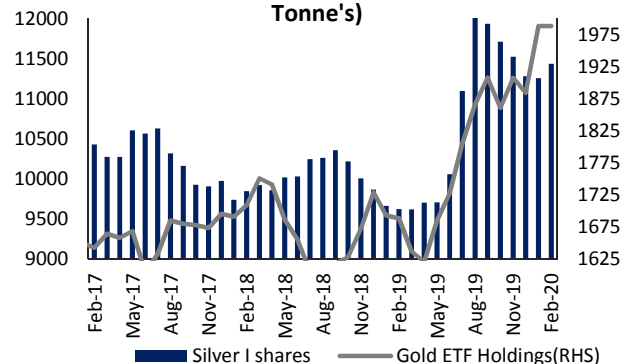
## Outlook

This week we'll continue to monitor how much riskier assets extend their gains and how it impacts gold. Market participants will also be tracking the health risks around the re-opening of the U.S. economy and the risks around the ongoing friction between the US and Chinese administrations, which at present is keeping the market on edge. On economic calendar, FOMC meeting will be most important to watch; expectation is that the central bank could hold rates unchanged but any announcement on the stimulus package could trigger volatility not only for currencies

US Jobs Market



Gold ETF and Silver IShares Holdings(in Tonne's)



and yield but also for precious metal pack.

### Technical Outlook:-

**Gold:-** MCX Gold traded on a negative note last week and closed lower by approximately 2.95 % at Rs.45968 level. MCX gold has made lower tops and lower bottom on daily chart which indicates that short term trend has turned bearish. As visible in the adjacent chart, the precious metal has been trading in downward sloping price channel which is an indication of short term downtrend in the commodity. Going ahead the yellow metal has is likely to take short term support in the range of Rs.45000-45200 levels and while major resistance for the yellow metal is placed at Rs.46900 level. Thus short term trend is likely to remain bearish as long as the metal hold below the resistance level of Rs.46900. The metal has got good intermediate resistance in the range of Rs.46200 - 46300 levels and any rally towards the same should be used as an opportunity to sell the metal. On the lower side the metal is likely to test the support range of Rs.45200 - 45000 level. Although trend remains bearish but down fall in the metal is likely to be limited till Rs.45000-45200 range. Also 14-period RSI has turned below 50 mark which is signaling weakness in the prices of the commodity. Selling on rallies towards intermediate resistance zone is thus advised. Spot gold has strong short-term support at \$1650 whereas resistance is placed at \$1735 level.



**Silver:-** MCX Silver traded on a negative note last week and closed lower by approximately 5.50% at Rs.47351 level. Although we witnessed bearish momentum in the counter last week but metal has got strong short term trend line support at Rs.46000 levels (Visible in the adjacent graph) and for further bearish momentum, it is important for silver to give daily close below the same. However If metal manages to hold support level of Rs.46000 then we may see some recovery in the counter till Rs.49100 level which remains very good immediate resistance. If metal manages to give daily close above Rs.49100 then it may gain further bullish momentum and may retest resistance level of Rs.51200. However if it gives daily close below Rs.46000, then it is likely to tests Rs.44500 - 43200 levels. Also 14-period RSI is sustaining above 50 mark which is an indication that the metal is likely to hold support zone of Rs.46000. Spot silver has strong short-term support at \$16.70 while major resistance is placed at \$18.40 level.



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