



## Market Commentary

The week began with gold trading near record high levels, although it got several factors weighing along the way, including hopes for a COVID-19 vaccine, rise in treasury yields, strong dollar and positive economic data. Although, after experiencing a couple of sessions of profit-taking earlier in the week, gold is trading back above \$1,950. Some caution is necessary and should be expected after the big run-up since March, but the greater influence on the market remains the amount of stimulus pumped into the global economy since the pandemic began and where that created money is likely to end-up.

Major countries are fully or partially functioning even though the threat of virus impacting the economy and affecting people at a significant pace is increasing rapidly. Many countries including UK have commented that a second wave is very much possible to hit the economy hence, they are not in favor of completely easing the lockdown restrictions. The virus has affected more than 21 million people and has claimed more than 7 lakh lives. On the other hand, the vaccine news is filling the market with optimism as many companies have successfully completed trials and are announcing positive news on the same. Russia last week became the first country to announce the vaccine even though they are still in the Phase three trials the test results look quite promising. Market participants were filled with optimism by this news and the similar effect was seen on the safe haven metals. There are still lots of questions around the vaccine news, like when will the final product be out? how will mass production take place and distributed globally ?etc. but investors are cheering all the updates that are coming on their way.

Gold- Weekly Market Data			
Exchange	Gold Spot	COMEX	MCX
Open	2026.7	2012.4	54750
Close	1911.25	1932.6	51929
Change	-115.5	-77.5	-2860
% Change	-6.06%	-3.86%	-5.22%
Pivot	1947.9	1950.9	52797
Resistance	1994.6	1997.7	53882
Support	1864.6	1885.7	50844

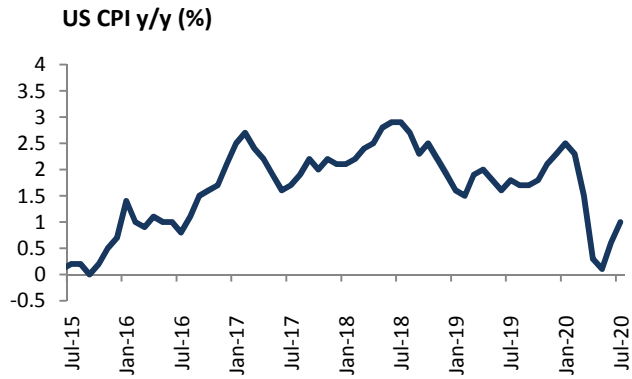
Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	29.16	28.96	75000
Close	24.79	26.04	66934
Change	-4.37	-2.92	-7226
% Change	-12.37%	-5.43%	-9.74%
Pivot	26.15	26.50	69430
Resistance	27.88	28.50	72514
Support	23.05	24.04	63851

Ratios	
Gold/Silver	69.49
Gold/Oil	47.94

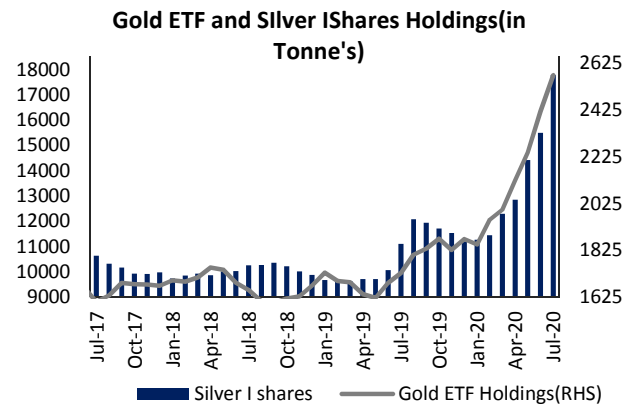
Investors still remain attracted towards the precious metal thanks to U.S.-China trade tensions. Trade war between both the countries is increasing panic in the market, apart from sanctions which was the game last year, there are several variables which are added now, and virus itself is one of the reasons which have aggravated the tensions between both the powerful nations. Last week China imposed sanctions on 11 US citizens including lawmakers from President Donald Trump’s Republican Party in response to Washington’s imposition of sanctions on Hon Kong. On other hand, US Treasury secretary said companies from China and other countries that do not comply with accounting standards will be delisted from US stock exchanges as of end of 2021. Amidst all this heat, market saw volatility as there was a lot of speculation in regards to US-China meet last weekend, although there was nothing exciting that came out of it.

Central banks continue to take all necessary precautions against virus impact hampering the growth of their respective economy. Last week, not much activity was seen from the central banks, although all the policy meeting and comments from central bank governors till now have been dovish, there has been a clear sign of concern regarding the impact of Covid on their respective economy and what more measures can be undertaken in order to minimize the impact of the same. There is an announcement expected on the stimulus package from US which has kept the market alive, although it is still in the negotiation phase.

Investors kept an eye on the important data points to understand the impact of the COVID-19 pandemic on the global economy. U.S. retail sales rose 1.2% in July that was marginally weaker-than-expectation. On the other hand inflation from US & India grew in July. Investment in gold decreased for the week ended 16th August, 2020 and holdings currently stand at 1252.08 tonnes compared to holding of 1262.11 tonnes in the previous week. Holding in ishares ETF witnessed an increase of ~31.85 tonnes and holdings currently stand at 17854.93 tonnes. Speculators, last week reduced their bullish positions in COMEX gold and silver contracts.



Source: Reuters



Source: Reuters

## Outlook

This week economic docket has few important 'look outs', inflation data and preliminary Manufacturing and Services pmi numbers expected from major economies. Looking ahead, gold traders will continue to monitor "the possible emergence of a 'second wave' of the virus across Europe and Asia. Traders will also watch how talks of economic stimulus unfold. With that investors will also continue to keep an eye on the US-China trade relationship and other uncertainties hovering in the market.

## Technical Outlook:-

### Gold

MCX Gold traded on a negative note last week and closed lower by approximately 4.67% at Rs.52227 level. MCX gold witnessed sharp correction in prices from higher levels but managed to hold on uptrend price channel support line at Rs.49900 level. Going ahead on lower side Rs.49900 remains very strong short-term support (visible in the chart) for the metal and intermediate support for the metal is placed in range of Rs.51500-51700 levels. Any price correction towards intermediate support zone remains good buying opportunity. On higher side metal is likely to face stiff short term resistance at Rs.53500 level and daily close above same is likely to result in further bullish momentum in the yellow metal. If it manages to give daily close above Rs.53500 level then it is likely to test higher resistance of Rs.55000 - 56200 levels. Also 14-period RSI has been sustaining above 50 mark which is signaling strength in prices of commodity. Buying on dips towards intermediate support zone is thus advised. However if yellow metal manages to give daily close below Rs.49900 level then there is high probability that the yellow metal may fall further till Rs.48700 - Rs.47500, Spot gold has strong short-term support at \$1865 whereas strong resistance is placed at \$2000 level.

### Silver

MCX Silver traded on a negative note last week and closed lower by approximately 9.42% at Rs.67171 level. MCX silver witnessed sharp correction in prices from higher levels but managed to hold on horizontal support line at Rs.60900 level. Going ahead on lower side Rs.60900 remains very strong short-term support (visible in the chart) for metal and intermediate support for the metal is placed in range of Rs.64500-65000 levels. Any correction



towards the intermediate support zone remains good buying opportunity. On higher side metal is likely to face stiff short term resistance at Rs.73500 level and daily close above the same is likely to result in further bullish momentum in precious metal. If it manages to give daily close above Rs.73500 level then it is likely to test higher resistance of Rs.78000 - 81000. Also 14-period RSI has been sustaining above 50 mark which is signalling strength in prices of commodity. Buying on dips towards intermediate support zone is thus advised. However if the metal manages to give daily close below Rs.60900 level then there is high probability that precious metal may fall further till Rs.57500-Rs.55000 levels, Buying on dips towards intermediate support zone is thus advised. Spot silver has strong short-term support at \$23.40 level while strong resistance is placed at \$28.70 level.



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