



## Market Commentary

Gold prices eked out a tiny gain on the last day of the week to halt a third consecutive slide, but the precious metal's advance for the day wasn't sufficient to avoid the first back-to-back weekly declines since the COVID-19 pandemic began in March. Gold prices marked a high of \$2024 and a low of \$1916, same way silver prices opened and closed at almost same levels although there was some volatility seen, it marked a high of \$18.25 and low of \$17.42. Resurgence in dollar and yields gave investors some pause in buying bullion as a stronger dollar can make gold comparatively more expensive to overseas investors. As suggested last week, cautious approach should be taken into consideration, although overall long term picture remains positive.

Major countries are functioning in almost full capacity even though the threat of virus impacting the economy is rising at a significant pace. Fear of a second wave still lingers in many economies as pace of virus affecting people is not slowing down. The virus has affected more than 23 million people and has claimed more than 8 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 became the first country to announce the vaccine, they are keeping the world updated regarding their progress and the specification related to it. Market participants are filled with optimism amidst the announcement of the vaccine although the vaccine has not hit the market yet and even if it does there are still a lot of unanswered questions.

Gold- Weekly Market Data			
Exchange	Gold Spot	COMEX	MCX
Open	1946.2	1941.0	52160
Close	1939.40	1934.6	52016
Change	-6.8	-2.4	-211
% Change	-0.22%	-0.12%	-0.40%
Pivot	1935.3	1929.5	51888
Resistance	1959.7	1950.1	52537
Support	1915.1	1914.0	51367

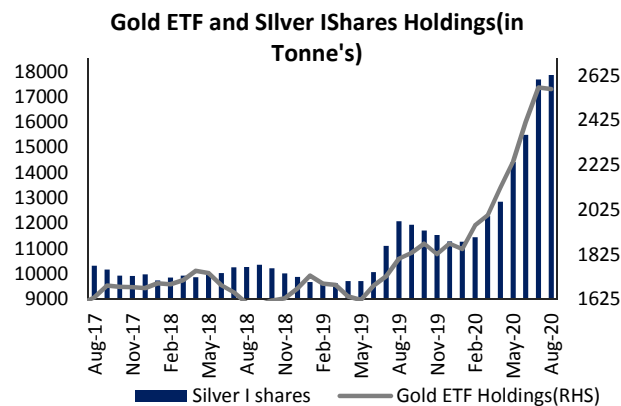
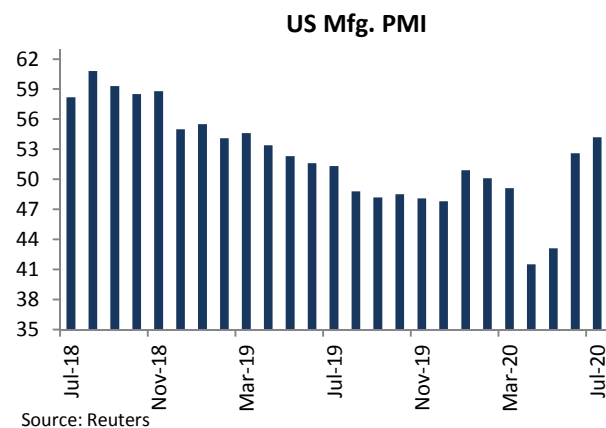
Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	27.23	27.48	68397
Close	26.69	26.71	67067
Change	-0.54	-0.77	-104
% Change	1.05%	2.46%	-0.15%
Pivot	26.75	27.01	67056
Resistance	27.46	27.17	68911
Support	25.98	26.54	65212

Ratios	
Gold/Silver	69.49
Gold/Oil	47.94

There have been a lot of updates on the US-China trade talk's front, a very important talk between both the countries officials was also scheduled last weekend. The talk did not come out with many alerts and surprises, although the phase one deal which was in question from quite some time was addressed and China has made a statement saying that they will make all efforts possible to comply with the same. A set of investors also are of the view that trade war could escalate any time soon but few statements from some policymakers portrayed a completely different picture hence giving a very confused picture making market more anxious about what turn this uncertainty is going to take next? It will be important to keep a cautious approach in case of any major update in the same.

Last week, FOMC, RBI and ECB released their meeting minutes. FOMC minutes showed policy makers concerns over economic recovery, the Fed also ruled out more dovish monetary policy measures such as yield curve control, for now, which resulted in heavy volatility in bullions. RBI also showed concerns regarding the impact of virus on economy and mentioned that there is room for further rate cut but it is unlikely to implement it any time soon due to the rising inflation. Hence the overall outlook still looks dovish although a breather is taken to settle in the impact of the actions announced so far.

Investors kept an eye on important data points to understand the impact of the COVID-19 pandemic on the global economy. Preliminary PMI numbers expected from major economies last week were reported better than expectations. The data is near or above 50 mark which a good sign is for economy although as the pandemic still lingers, it will be important to see final numbers. Investment in gold increased for week ended 23rd August, 2020 and holdings currently stand at 1252.37tonnes compared to holding of 1248.28 tons in the previous week. Holding in ishares ETF witnessed an outflow of ~11.58 tons and holdings currently stand at 17843.35 tons. Speculators, last week reduced their bullish positions in COMEX gold & silver contracts.



## Outlook

This week there are a few important economic data points expected from U.S which could trigger volatility in precious metal. Core durable goods, Core PCE index and Q2 GDP is scheduled on the calendar this week; any data if reported better than the expectations could put pressure on gold prices. 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 the talk of economic stimulus unfolds in the US. 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 witnessed selling pressure from higher levels last week and managed to close marginally lower by approximately 0.40 % at Rs.52016 level. However the yellow metal managed to hold on uptrend price channel support line at Rs.51100 level. Going ahead on the lower side Rs.51100 remains very strong short-term support (visible in the chart) for metal and intermediate support for the metal is placed in range of Rs.51700-51800 levels. Any dips towards the intermediate support zone remains good buying opportunity. On the higher side the metal is likely to face stiff short term resistance at Rs.53200 level and daily close above the same is likely to result in further bullish momentum in the yellow metal. If it manages to give daily close above Rs.53200 level then it is likely to test higher resistance of Rs.54500 level. Thus as long as uptrend price channel is not broken, short term trend is likely to remain positive. Buying on dips towards intermediate support zone is thus advised. However if yellow metal manages to give daily close below Rs.51100 level then there is high probability that the yellow metal may fall further till Rs.49900 - Rs.48500 levels, Spot gold has strong short-term support at \$1910 whereas strong resistance is placed at \$2000 level.



### Silver

MCX Silver traded in a sideways trend last week and managed to close lower by approximately 0.15% at Rs.67067 level. MCX silver witnessed sharp correction in prices from higher levels

MCX SILVER DAILY CHART



recently but managed to hold on horizontal support line around Rs.61000 level. Going ahead on the lower side Rs.61500 remains very strong short-term support (visible in the chart) for the metal and intermediate support for the metal is placed in the range of Rs.64500-65000 levels. Any price correction towards the intermediate support zone remains good buying opportunity. On the higher side the metal is likely to face stiff short term resistance at Rs.71500 level and daily close above the same is likely to result in further bullish momentum in the precious metal. If it manages to give daily close above Rs.71500 level then it is likely to test higher resistance of Rs.74500 - 77500 levels. Also 14-period RSI has been sustaining above 50 mark which is signalling strength in the prices of the commodity. Buying on dips towards intermediate support zone is thus advised. However if the metal manages to give daily close below Rs.61500 level then there is high probability that the 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 \$23.70 level while strong resistance is placed at \$28.70 level.

**Navneet Damani**  
**Research Head**

**Manav Modi**  
**Research Analyst**

**For any details**

**For any details contact:**

Commodities Advisory Desk - +91 22 3958 3600

[commoditiesresearch@motilaloswal.com](mailto:commoditiesresearch@motilaloswal.com)

## **Commodity Disclosure 7 Disclaimer:**

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

MotilalOswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of MotilalOswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com).

MotilalOswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile MotilalOswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of MotilalOswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of MotilalOswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

### **Terms & Conditions:**

- This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.
- This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
- This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal.
- It is for the general information of clients of MOFSL and MOCBPL. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.
- The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL.
- The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
- All such information and opinions are subject to change without notice.
- Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
- We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.
- Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
- The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance.
- Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
- Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.
- Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject commodity for which Research Team have expressed their views.
- MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
- A graph of daily closing prices of commodities is available at <http://www.moneyline.co.in/>
- Opinions expressed are our current opinions as of the date appearing on this material only. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.
- The commodities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.
- This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.
- The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the commodities mentioned in this document.
- The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
- The commodities described herein may or may not be eligible for trade in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, and any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
- Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.
- MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions. However the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the commodities mentioned in the research report.
- MOFSL and its associates and Research Analyst have not received any compensation or other benefits in connection with the research report. Compensation of Research Analysts is not based on any brokerage transactions generated by broking activities under MotilalOswal group.

Registered Office Address: MotilalOswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 22 71934200/022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com).

Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: MotilalOswal Financial Services Limited (MOFSL)\*: INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579, PMS: INP000006712. MotilalOswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. MotilalOswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. MotilalOswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,

Insurance Products and IPOs. •Real Estate is offered through MotilalOswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. •Private Equity is offered through MotilalOswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. •Research & Advisory services are backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.: 022-71881085.

\* MOSL has been amalgamated with MotilalOswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench. Customer having any query/feedback/ clarification may write to [query@motilaloswal.com](mailto:query@motilaloswal.com). In case of grievances for Securities Broking write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com), for DP to [dpgrievances@motilaloswal.com](mailto:dpgrievances@motilaloswal.com)