



Market Commentary

Gold fell to the lowest level in a month primarily as the dollar rose against its major crosses and better-than-expected economic number from the US. Volatility in gold remained elevated as prices fell from levels of as high as \$2,000 to lows of \$1,922 that touched at the last day of the week. Resurgence in the U.S. dollar and US treasury yields gave investors some pause in buying bullion as a stronger dollar can make gold comparatively more expensive to overseas investors.

Last week, a number of economic data were released from the US and better-than-expected number extended gains for the dollar and kept the momentum capped for precious metal. This week, we expect that continued gains for the greenback could keep gold and silver prices under pressure.

After remaining under pressure for the past few sessions, the dollar has started to gain against the US dollar and last week we witnessed a sharp surge in the greenback. Another factor that has weighed on precious metal prices is more updates on the COVID vaccine. Russia licensed the vaccine for local use in August, the first country to do so and before data had been published.

Experts say the trials were too small to prove effectiveness and safety. But Russia has hailed the results as an answer to critics. Some experts have raised concerns about the speed of Russia's work, suggesting that researchers might be cutting corners. Russian Health Minister Mikhail Murashko said the country would start vaccinations from November or December, with a focus on high-risk groups.

Uncertainty related US-China trade war continues and there

Gold- Weekly Market Data			
Exchange	Gold Spot	COMEX	MCX
Open	1931.1	1927.9	50865
Close	1932.45	1923.9	50678
Change	1.3	-40.7	-770
% Change	-1.63%	-2.07%	-1.50%
Pivot	1930.2	1927.1	50707
Resistance	1944.1	1936.5	51053
Support	1918.5	1914.5	50333

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	26.57	26.80	64749
Close	26.88	26.58	64663
Change	0.31	-0.22	-1313
% Change	-2.22%	-3.75%	-1.99%
Pivot	26.72	26.64	64748
Resistance	27.15	26.89	65115
Support	26.45	26.33	64295

Ratios	
Gold/Silver	71.94
Gold/Oil	46.74

are some reports suggesting that the Trump administration is considering imposing export restrictions on Semiconductor Manufacturing International Corporation, China’s largest manufacturer of semiconductors.

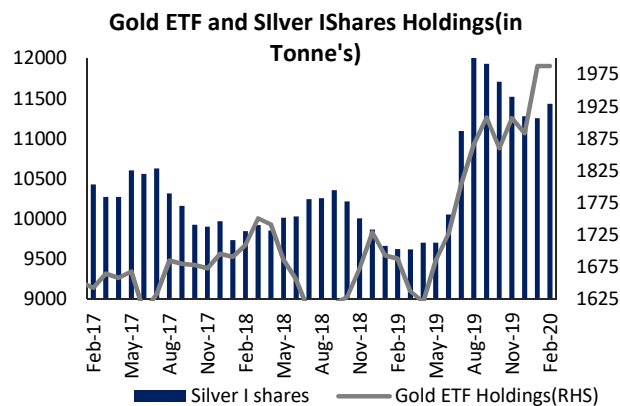
US officials recently announced it will further tighten restrictions on China’s Huawei Technologies in order to crack down on the telecommunication company’s access to commercially available chips. As tensions grow worse between the U.S. and China, U.S. officials are pushing other governments around the world to place restrictions on Huawei, arguing that the company will give data to the Chinese government for spying.

Last week, economic numbers released from the US have been better-than-expectation and that strengthened the greenback. Data released from the US showed private payrolls rose by 428,000 in August, well short of expectations as the government aid to support workers and employers run out.

US Nonfarm Payrolls surged by 1.37 million in August compared to expectation of 1.4 million job addition. At the same time, factory orders rose more than expected in July, pointing to continued improvement in the manufacturing sector. Also, the Federal Reserve in its ‘Biege Book’ report highlighted that US business activity and employment activity ticked up through late-August but economic growth was generally sluggish.

Outlook

This week, we expect that extended gain for the greenback is likely to keep up move capped for the yellow metal. After better-than-expected employment data market participants will be shifting focus to growth numbers that will be released from Japan and the Euro zone and recovery in the number could boost the overall sentiment for riskier assets. At the same time, ECB will be releasing its policy statement and expectation is that the central bank would maintain a dovish stance and that could keep the Euro weighed down against the US dollar. Broadly, we expect gold on MCX to quote in the range of 50065 and 51950.



Source: Reuters

Technical Outlook:-

Gold

MCX Gold traded on a negative note last week and managed to close lower by approximately 1.49 % at Rs.50678 level. Going ahead, the yellow metal is likely to face strong resistance at Rs.52100 levels and daily close above the same is likely to provide upside trigger for the yellow metal again. However as long as the resistance zone is not broken the yellow metal is likely to trade in bearish trend in short term and may move towards lower support zone of Rs.49500 and Rs.48800 levels. Intermediate resistance for the yellow metal is placed at Rs.51300 level and any rise towards the same can be used as an opportunity to sell the metal for targets of Rs.50500 - 49000 levels. However, if the metal manages to give daily close above Rs.52100 level, then it is likely to resume its uptrend and may move higher towards Rs.53000 - 54500 levels. Thus, bullish momentum is likely to resume on daily close above Rs.52100 level. Spot Gold has strong support in the range of \$1865 - \$1870 zone whereas strong resistance is placed at \$2000 level.



Silver

MCX Silver traded on a negative note last week and closed lower by approximately 1.99% at Rs.64663 level. Going ahead, the precious metal is likely to face strong resistance at Rs.69351 levels and daily close above the same is likely to provide upside trigger for the precious metal again. However as long as the resistance zone is not broken the precious metal is likely to trade in bearish trend in short term and may move towards lower support zone of Rs.61500-61000 level. Intermediate resistance for the metal is placed at Rs.66500 level and any rise towards the same can be used as an opportunity to sell the metal for target of Rs.61500 level. However, if the metal manages to give daily close above Rs.69351 level, then it is likely to resume its uptrend and may move higher towards Rs.74200 - 80000 levels. Thus, bullish momentum is likely to resume on daily close above Rs.69351 level. Spot Silver has strong support in the range of \$25.50 - \$25.30 level whereas strong resistance is placed at \$28.90 level.



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