



Market Commentary

- Gold & silver gave all of its 2021 gains last week
- Bullions lost its grip and witnessed profit booking
- Gold ranged from high of ~\$1,960 to low of ~\$1,830
- Silver ranged from high of ~\$28.10 to low of ~\$24.50
- Gold/silver ratio is stable at ~75 levels
- Rising US yields continued to put pressure on metal
- EU gave final approval to Moderna MRNA.O vaccine
- “Democrats taking over Senate” supported the dollar
- Faltering US Labor Market Only Affirms Investor Expectation of Stronger Fiscal Spending

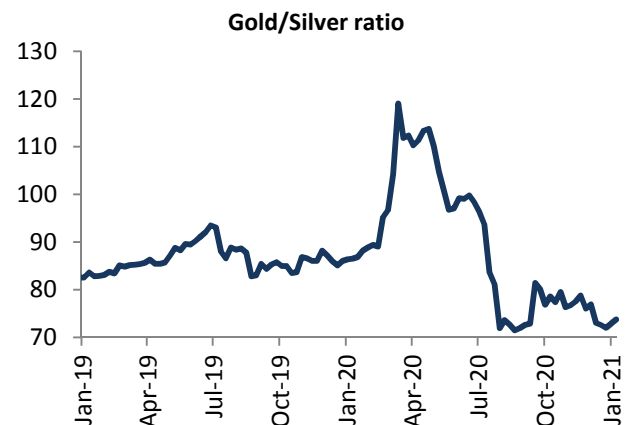
Gold- Weekly Market Data				
Exchange	Gold	COMEX	MCX	MCX BullDex
Contract	Spot			
Open	1913	1908	50755	15903
Close	1848	1834	48967	15185
Change	-64	-111	-2457	-880
% Change	-4.84%	-5.69%	-4.78%	-5.48%
Pivot	1865	1860	49528	5062
Resistance	1901	1882	50238	10123
Support	1812	1812	48257	10123

Perspective

Last week bullions gave market participants a feeling of being in a roller coaster as the first half of the week flowed very smooth, although towards the end of the week, roller coaster took a nose dive creating panic in the market. As democrats regained majority in both the houses it surely increases optimism for more stimulus package announcements from the US. Market participants booked profit amidst the vaccine optimism and rising US yields. A sell-off in treasury bonds saw the benchmark US 10-year yield hit the mark of ~1.1%. Fed Vice president Clarida hinted towards faster recovery of the US economy thereby weighing on precious metal prices

Democratic-led efforts to impeach Trump for a second time gained momentum over the weekend, but it remained unclear whether enough Republicans would support the move with only a few days left for the term to end. Also, it

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	25.54	25.68	67701
Close	25.84	25.82	67509
Change	0.30	0.14	-398
% Change	0.28%	-0.53%	-0.59%
Pivot	25.71	25.77	67364
Resistance	26.03	26.03	68045
Support	25.53	25.57	66827



Source: Reuters

has been reported that Vice President Pence had still not signed the 25th Amendment, which allows for stripping the powers from a president unable to fulfill duties of the office.

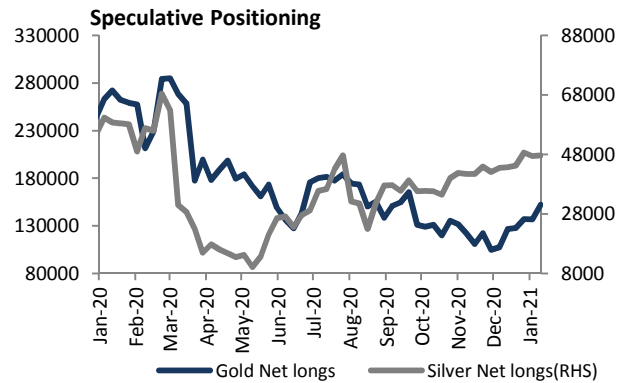
Last week’s results of the Georgia Senate runoffs mean that Democrats will now have majority in both Senate and the House. That gives investors more clarity on fiscal policies that will likely be advanced in 2021, such as proposals for increased fiscal stimulus and also higher taxes. Biden said his administration's economic package will also include unemployment insurance and rent forbearance. The package is due to be unveiled on Thur. Larger amounts of stimulus are expected to cushion the impact of the surging virus on the economy. This scenario will boost precious metal prices and also keep gains elevated for the dollar.

U.S. health officials are trying to speed up the slow pace of Covid-19 vaccinations, after the coronavirus claimed over 4,000 American lives on the last day of the week and employment data showed the pandemic further stifling the job market. Roughly 6 million people across the U.S. have received first dose of the two-shot vaccines, accounting for less than one-third of more than 21 million doses shipped to date, according to the U.S. Centers for Disease Control and Prevention. On other hand, apart from Pfizer got a deal done with Moderna too, in order to roll out vaccine and control the impact of coronavirus, hence keeping the pressure on the vaccine. Pfizer has also reported that the current vaccine does seems to be working against the new strain of coronavirus also although further details and clarity is still needed before jumping to any conclusions.

Investment in gold increased for the week ended 10th January, 2021 and holdings currently stand at ~1182 T compared to holding of ~1170 T in the previous week. Holding in ishares ETF increased by 117 T and holdings currently stand at ~17495 T.

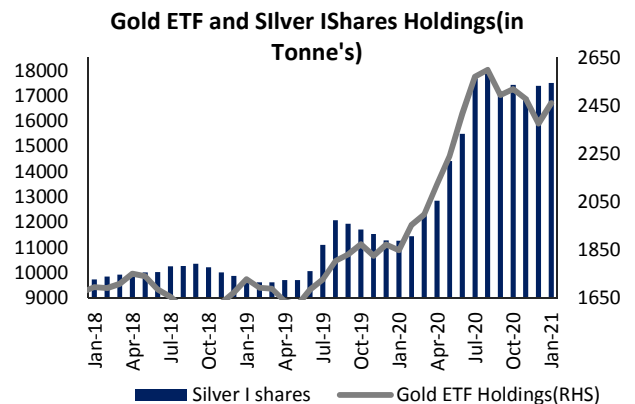
Outlook

Market participants will get a snapshot of how the economy is performing with the release of data on inflation and retails sales from the US. Investors will also get to hear from several Fed



Source: Reuters

“Larger amounts of stimulus are expected to cushion the impact of the surging virus on the economy, hence supporting the safe haven assets”



Source: Reuters

speakers including Fed Chair J. Powell, which could trigger further volatility in the market. Keeping all the variables in mind, it is advised to maintain a cautious approach and gold price is expected to trade with a sideways to lower trend.

Technical Outlook:-

Gold

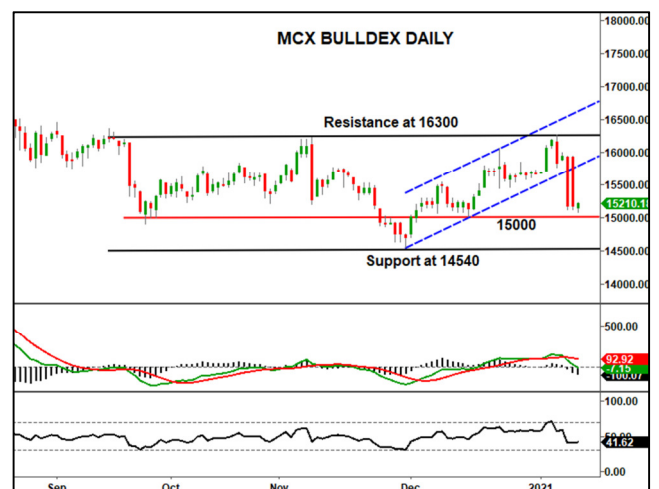
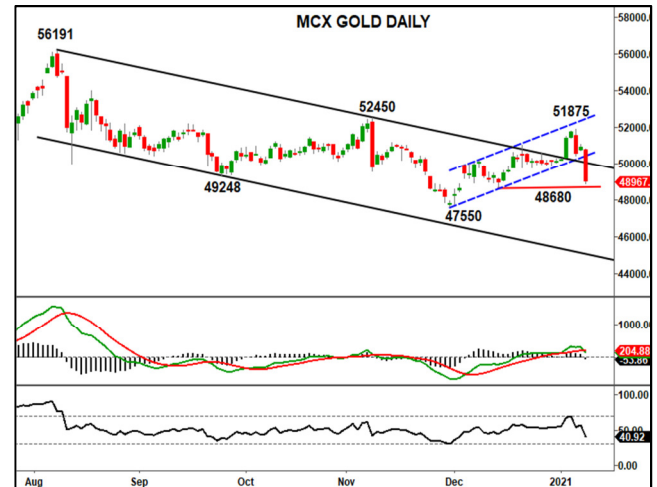
As seen on the weekly chart, MCX Gold breached below the short-term rising channel formation and has turned lower in the preceding week. Currently the counter is trading close to key horizontal support at Rs.48680. Price sustained trade below the same will confirm further weakness in price towards Rs.47550 area. Both the momentum indicators RSI & MACD has also turned lower signifying weakness in price. Now strong resistance is at Rs.50050 and bias looks weak below the same. Upside will resume only if price sustained trade above the resistance mark. Support for Spot Gold is at \$1785 – 1750 whereas resistance is at \$1875 – 1905 levels.

Silver

As seen on daily chart, MCX Silver has also turned negative and has broken below rising channel formation which signifies further weakness in price. Currently the metal is trading close to key support of Rs.63950 and price sustained trade below same will confirm further weakness in price towards Rs.60000 mark. Both momentum indicators RSI & MACD has also turned lower signifying weakness in price. Immediate strong resistance is capped at Rs.66350 area. Selling is advised as long as price holds below resistance. Supports for Spot Silver is at \$23.80 – 23.30 whereas resistance is at \$25.20 – 25.80.

BULLEX

MCX Bulldex traded with negative bias in the previous week and has given a breakdown of rising channel formation. Both the momentum indicators 14-period RSI & MACD are indicating weakness in price for near term. Immediate support is at 15000 whereas resistance is at 15660 – 15800. Price sustained break below support will confirm further weakness in price towards 14500 - 14100 area. Selling is recommended but our bias will negate above the resistance mark.



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