



Monday, September 13, 2021

Market Commentary

- Gold ranged from low of ~\$1783 to high of ~\$1833
- Silver ranged from low of ~\$23.76 to high ~\$24.90
- Gold/silver ratio trading around 75 level, supporting the gold price
- U.S. CPI data will be in focus for the week

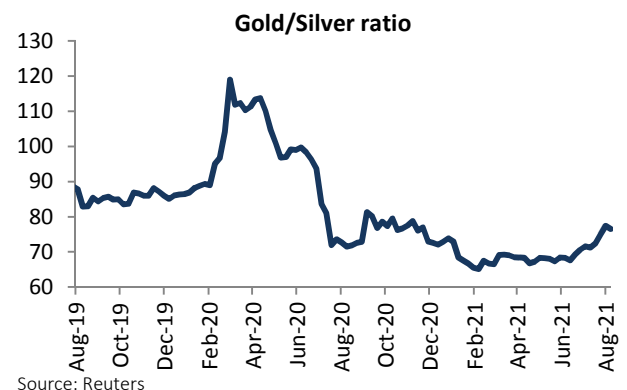
Gold in the holiday shortened trading week marked its first weekly loss in five as brief optimism regarding the weak U.S. nonfarm payroll data was overpowered by a strong rebound in the dollar amidst the talks regarding Federal Reserve's tapering timeline. Tapering action from the Fed is being widely discussed in the market from past many months. Rise in cases of Delta variant and weak U.S. jobs data briefly supported the bullions last week, although movement in Dollar and Yields took control otherwise.

Breaking down the positive fundamentals; there have been lockdown restrictions re-imposed in some parts of China and other parts globally which have definitely increased panic in the market although there also have been talks about a (third) booster shot in the U.S. which helped calm the waters. On the other hand, nonfarm payroll was far below the expectations although; the unemployment rate did come down from 5.9% to 5.2% in two months.

Last week was interesting w.r.t. the trade tussle between U.S. and China, as President Biden held his second call with Chinese leader Xi Jinping since he took over the U.S. office, in an effort to break an impasse U.S. - China trade relations. The White House said that leaders of both power countries had a broad strategic discussion and that President Biden had highlighted the U.S. enduring interest in peace, stability and

| Gold- Weekly Market Data | | | | |
|--------------------------|--------|--------|--------|--------------|
| Exchange | Gold | COMEX | MCX | MCX Bull Dex |
| Contract | Spot | | | |
| Open | 1794 | 1794 | 46900 | 14214 |
| Close | 1787 | 1790 | 46806 | 14093 |
| Change | -7 | -42 | -718 | -243 |
| % Change | -2.13% | -2.27% | -1.51% | -1.70% |
| Pivot | 1792 | 1793 | 46848 | 14131 |
| Resistance | 1799 | 1800 | 46944 | 14176 |
| Support | 1781 | 1783 | 46709 | 14047 |

| Silver- Weekly Market Data | | | |
|----------------------------|--------|--------|--------|
| Exchange | Silver | COMEX | MCX |
| Open | 24.00 | 24.14 | 63992 |
| Close | 23.72 | 23.86 | 63592 |
| Change | -0.29 | -0.28 | -1617 |
| % Change | -3.94% | -3.66% | -2.48% |
| Pivot | 23.91 | 24.03 | 63759 |
| Resistance | 24.12 | 23.97 | 64039 |
| Support | 23.51 | 23.92 | 63312 |



prosperity in the Indo-Pacific and the world. The signs of some consideration of peace offerings impacted the overall safe haven appeal.

Amidst the selling pressure in bullions last week, we did witness some relief towards the end of the week, amidst the ECB policy meet. The ECB decided to move to a moderately lower pace in its €1.85 tln PEPP it has run since March last year. This decision slightly differs from other central banks tapering measures as ECB is not planning to end its bond buying yet and is only intending to make small changes in the pace. Governor Lagarde also mentioned that it will still take some time before the damage done to the economy by the pandemic is undone. The concerns for the next wave of pandemic hitting the market are increasing causing further distress in the market.

One week before the FOMC meet where the Fed could throw some light on their tapering plans, the US CPI will be in focus for this week. Looking at the historic pattern, four out of the last five CPI readings have shown a better than expected number; except for the most recent in July that was in-line with the expectations. August number could be more balanced amid evidence that the rise in cases of Delta variant has influenced several activity readings.

Outlook

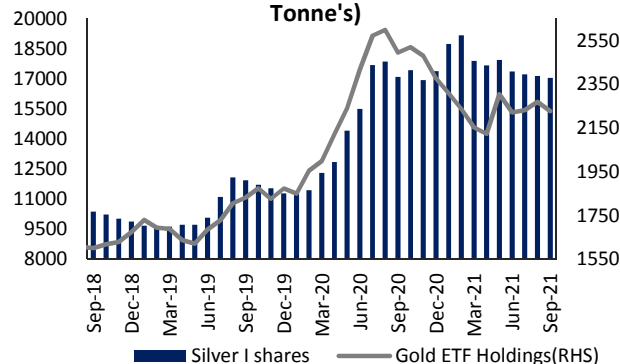
In this week, a few important economic events are scheduled to release and could impact the precious metal pack. Focus will be on the industrial production, Retail Sales and inflation numbers expected from major economies. Apart from that, any comments from Fed officials regarding the health of the economy or Fed's tapering plans will be important to keep an eye on. Along with volatility in U.S. Yields and Dollar, any updates on U.S. – China trade talk front and other geo-political issues will also be in focus.

US CPI y/y (%)



Source: Reuters

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

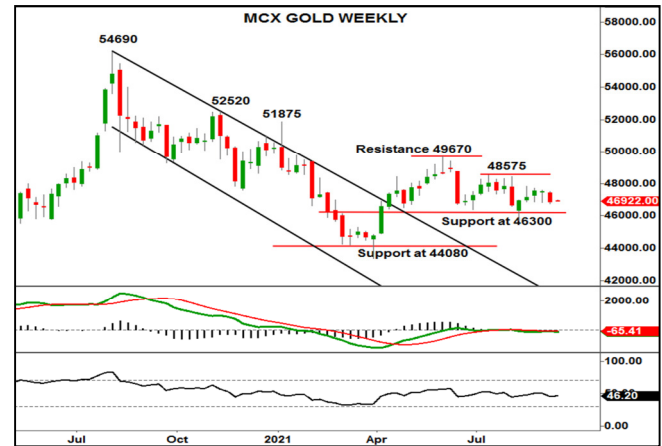


Source: Reuters

Technical Outlook:-

Gold

MCX Gold traded sideways-to-negative bias in the preceding week and has been facing immediate stiff resistance at Rs.47775. Short-term bias looks weak as long as price holds below the resistance mark. However, downside too will be limited around Rs.46300 – 46150 as it will act as immediate strong support. Both the indicators are flat and are not indicating any trend direction. So, selling is recommended but our bias will negate above the resistance mark. Major resistance is at Rs.48575.



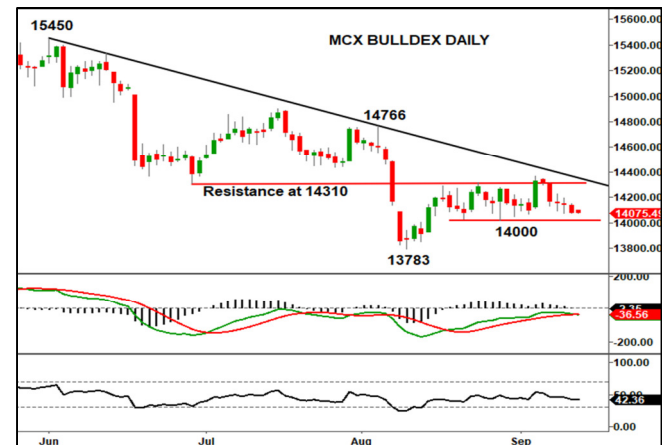
Silver

MCX Silver on daily chart has been trading in a downward sloping channel forming lower highs and lower lows pattern which signifies short-term weakness. Strong resistance is capped at Rs.65650 and bias remains weak below the same. Immediate resistance is at Rs.63900. The 14-period RSI is below the mid-level of 50 signifying some weakness in price for short-term. Supports are placed at Rs.62250 – 61225 levels. Selling on rise is recommended as long as price holds below Rs.65650 levels.



BULLDEX

MCX Bulldex has been trading in a sideways range and is facing stiff resistance at 14310 on daily chart. Immediate support is placed at 14000 and price sustained break below the same will confirm further weakness in price towards 13800 – 13650. The 14-period RSI below the mid-level of 50 is indicating some weakness in price. In the short-term selling below support is recommended, but our bias will negate above resistance.



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