



Market Commentary

Gold prices continued to remain under pressure last week as dollar traded firm, better-than-expected economic data and fresh updates from central banks kept precious metal prices in check. Gold is consolidating in a narrow range with limited volatility, despite the increased tensions between US and China it has marked a high of \$1,983 and low of \$1,938 during the week. Silver prices, meanwhile, have continued to consolidate above \$27/oz. Apart from trade war and other uncertainties, one of the story that was in the headline was the continuing stalemate in the US Congress that has halted attempts to pass a second and eagerly needed fiscal stimulus bill. With the election also being right around the corner there is a lot of speculation regarding the coronavirus relief bill in the market which is affecting the movement in the market.

Number cases are increasing quite significantly; it seems that the fear of another wave hitting the market might come true. Many countries like Britain are thinking of reimposing lockdown restrictions to control the rising numbers. If complete or partial lockdown is imposed again it will be a big blow for the market and support precious metal pack on the lower levels. As the number of affected cases rise, questions regarding the vaccine are also increasing. Russia became the first country last month to announce the vaccine which created quite a stir in the market, although the effectiveness of the same is put on questioning. Companies of other major economies are also hoping for successful trials which will give them some positive news on the vaccine. Any update on either vaccine or another wave hitting the market will be responsible to create volatility in the market.

There are lots of mixed reaction on the trade talks front, as on one hand it is projected as efforts are being put to comply with the phase one of the trade deal, China has promised

Gold- Weekly Market Data			
Exchange	Gold Spot	COMEX	MCX
Open	1942.9	1950.5	51559
Close	1949.69	1952.1	51715
Change	6.8	14.3	396
% Change	0.42%	0.74%	0.77%
Pivot	1950.1	1951.0	51672
Resistance	1959.4	1953.1	51892
Support	1940.4	1950.1	51496

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	27.01	27.29	68499
Close	26.77	27.03	67877
Change	-0.25	-0.26	-51
% Change	0.09%	1.08%	-0.08%
Pivot	26.88	27.21	67952
Resistance	27.08	27.13	68425
Support	26.57	27.11	67405

Ratios	
Gold/Silver	71.49
Gold/Oil	47.61

that more and more agricultural buying will be done and on the other hand, contradictory comments or actions are keeping market participants on the edge. It seems new issues are getting piled on the previous baggage's and there is no clear direction on how things will unfold in the near future.

Focus last week was on the policy meetings expected from major central banks. All central banks including the Fed showed concerns regarding the impact of pandemic on their respective economy. The Federal Reserve has pledged to hold interest rates near zero until at least 2023 limited, hence supporting precious metal pack on lower levels. The Fed said that it expects to keep rates near zero until it achieve maximum employment and the inflation is on track to "moderately exceed" its 2% inflation target "for some time". Other than that, BOE and BOJ also had their policy meet scheduled last week which was also responsible for bringing volatility in the market. All major central banks commented that they are monitoring their respective interest rates, BOE said that negative interest rates are under consideration which if put into action it will positively impact gold.

Positive data points are capping gains for the bullions, Investment in gold decreased for the week ended 20th September, 2020 and holdings currently stand at 1246 tonnes compared to holding of 1248 tonnes in the previous week. Holding in ishares ETF witnessed an outflow of ~110 tonnes and holdings currently stand at 17211 tonnes

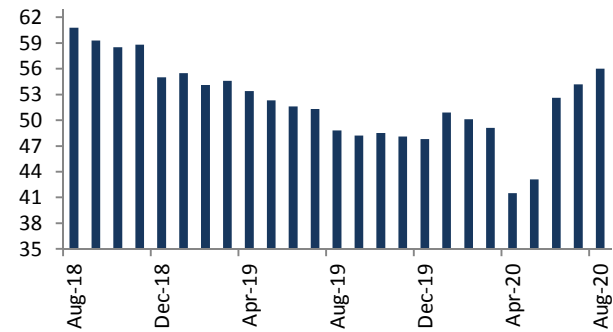
Outlook

Looking ahead to this week, economic docket have a few important 'look outs', housing number from the US and preliminary manufacturing and services PMI number are expected from major economies. Also Fed governor Powell is expected to give a speech which could bring in some volatility. Market participants will continue to monitor the pandemic situation and 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:-

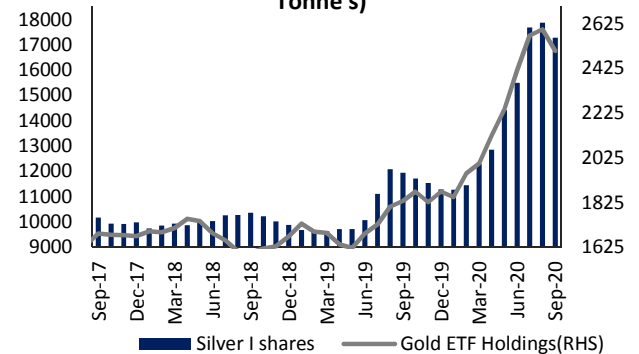
Gold

US Mfg. PMI



Source: Reuters

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



Source: Reuters

As seen on the weekly chart, MCX Gold continued to consolidate in a range and is sustaining above the strong support of rising channel at Rs.50445. The counter has formed a Doji candlestick formation on the weekly chart and the follow-up candle in the coming week will give further confirmation. Immediate support zone is at Rs.51050 whereas strong support remains at Rs.50445. Downside will only be seen if price break and sustains below the same. Resistance is at Rs.52250 – 52500. Support for Spot gold is at \$1915 – 1885 whereas resistance is at \$1980 – 1995.

Silver

MCX Silver continued to trade in a broad range for the second straight week and has been failing to give any trend direction for short-term. Recent high Rs.69000 – 69890 will remain as strong resistance whereas immediate support is placed at Rs.66125. Both the momentum indicators RSI & MACD are flat and not indicating any trend direction. Sideways range is likely to continue in the coming week and price break on either side of Rs.66125 – 69890 will give further trend direction. Support for Spot silver is at \$26.15 – 25.60 whereas resistance is at \$27.25 – 27.50



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