



Market Commentary

Gold has been trading in a broad \$100 range i.e. from \$1850-1950 since the past few weeks and volatility has died down amidst a lot of confusion over the stimulus package from the US. After two green bars in the last two weeks, we witnessed a 'red' in the chart, amidst series of updates from different sources creating ambiguity in the market. During the time, when US elections are just a few weeks away noise in the market is quite natural, although apart from that there are various updates like the development of the Covid relief bill, fresh update on the trade war and Brexit front which are contributing towards the volatility in the market. This week we also had the Global growth forecast report from IMF where according to them, World GDP could shrink -4.4% vs -5.4% estimate in June, pressurizing the metal further. On the other hand, comments from central banks, sudden surge in the Covid cases in Europe and few states US etc. and few other factors are creating a strong floor for the metal. Hence, updates on these few important factors will be important to watch for.

The roller coaster ride of the Covid-19 relief bill still continues with to and fro comments from both the sides complicating the issue and affecting the overall market sentiment. Earlier, President Trump was not ready to talk, later when he agreed, Nancy Pelosi aborted talks, saying she demanded an outsized \$2.4 trillion package versus the \$1.6 trillion offered by the Republicans and terminated the negotiations. Last week, President Trump announced that he is willing to raise his offer of \$1.8tn for a Covid relief bill but it was shot down by his fellow republican itself. The general sense of unease and worry continue to pervade markets as the US Treasury Secretary for the first time publicly cast doubt on the chances

Gold- Weekly Market Data			
Exchange	Gold Spot	COMEX	MCX
Open	1907.0	1898.5	50586
Close	1898.97	1900.8	50547
Change	-8.0	-18.7	-270
% Change	-1.58%	-0.97%	-0.53%
Pivot	1903.2	1899.3	50604
Resistance	1909.4	1900.0	50756
Support	1892.7	1900.0	50395

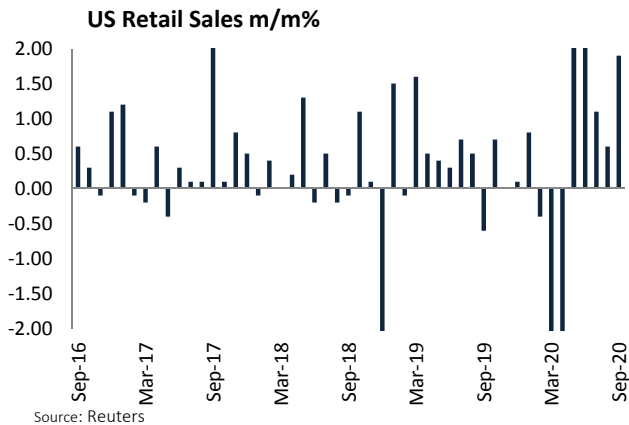
Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	24.25	24.23	61649
Close	24.17	24.37	61676
Change	-0.08	0.14	-1208
% Change	-3.78%	-2.79%	-1.92%
Pivot	24.24	24.29	61723
Resistance	24.44	24.34	62123
Support	23.97	24.31	61277

Ratios	
Gold/Silver	78.35
Gold/Oil	46.44

of a stimulus agreement, on the other hand, House Speaker and leader of the Democrats in Congress, Nancy Pelosi has shown optimism that the deal will be cracked before the Nov.3 Presidential elections. Market participants are staying put amidst this continuous updates and waiting for a confirmed official status on the Covid relief bill.

Gold prices had endured some steady pressure at the start of the week, after headlines about halted round of coronavirus vaccine testing rattled market sentiment. J&J halted clinical trials of its Covid-19 vaccine after a participant fell ill, the second time that a front-runner developer has paused testing in the race to create a viable immunization against the virus, other few pharma companies also put a halt on their trials due to various reasons. On the other hand, number of cases are rapidly increasing, hence building up the pressure in the market. Many countries are in full function mode, although countries like Europe and few place in US are at the top facing this issue. The thought of re-imposing the lockdown restrictions and containing a second wave hitting the market is also floating in the market. Hence this scenario is a very good base for gold prices, and any updaters regarding the same will be very important to watch for.

Economic data were a bit mixed as, weekly jobless claims data resulted in giving a big blow to the US labor market and on the other hand, solid retail numbers encouraged equity buying, although gold prices continue to stay put amidst other uncertainties hovering in the market. Positive data points are capping gains for the bullions, Investment in gold witnessed a marginal increase for the week ended 17th September, 2020 and holdings currently stand at 1276.06 tonnes compared to holding of 1271.51 tonnes in the previous week, hence justifying the range bound movement in the metal. Holding in ishares ETF witnessed an inflow of ~144.68 tonnes and holdings currently stand at 17527.29 tonnes.



Outlook

Looking ahead to the next week, economic calendar is fairly light as compared to the previous week although market participants will focus on the preliminary manufacturing and service PMI data, which could be responsible for contributing some volatility in the market. 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. Updates on the COVID-19 relief bill and US elections will also be very important for the next few weeks and hence it is advised to maintain a cautious approach. All the updates and events including the US presidential elections will impact the market, amidst these updates we expect a side ways to positive move for the gold prices.

Technical Outlook:-

Gold

MCX Gold has been trading a rising channel on 240-min chart which indicates strength in price. However, the momentum indicator 14-period RSI is flat which is not signifying any strength in price and MACD close to zero line is also not giving any indication. Immediate support is at Rs.50100 – 49925 whereas resistance is at Rs.51200. Sideways-to-positive move could be seen, but our bias will negate if price break and sustains below support.

Silver

MCX Silver traded with negative bias after two weeks of strength closing at Rs.61676. The momentum indicator 14-period RSI is flat which is not signifying any strength in price and MACD close to zero line is also not giving any indication. Immediate support is placed at Rs.59800 whereas resistance is at Rs.64000. Sideways consolidation in the recommended range will be seen and price sustained break on either side will give further trend direction.



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