



Market Commentary

Gold and silver have seen a steady climb through the week with few deviations from the path higher. At the same time, the US Dollar has weakened, bolstering gold's role as a primary safe haven in the final weeks of 2020. The yellow metal's gains have been driven by a few factors, majorly being, the U.S. Covid relief bill, Fed's policy statement and positive economic data. Gold prices touched a high of \$1,900 and marked a low of \$1820 in the last week. On the other hand, volatility was witnessed in silver as it marked a high of \$26.35 and low of \$23.75 in the past week.

Gold- Weekly Market Data			
Exchange	Gold Spot	COMEX	MCX
Open	1885.4	1882.4	50319
Close	1880.66	1885.7	50304
Change	-4.8	45.9	980
% Change	2.26%	2.49%	1.99%
Pivot	1882.2	1885.8	50293
Resistance	1888.0	1889.4	50480
Support	1874.9	1882.2	50116

Patience was a quality greatly demanded from traders over the past week. And for the most part, Congress continued its back and forth dance over Covid-19 relief bill. US lawmakers have reached a deal on a nearly \$900 bln economic stimulus package that includes more relief for small businesses and direct payments to American families suffering in the coronavirus pandemic. The deal- the second largest economic relief bill in US history after the \$2.2 tn Cares Act in March- breaks months of deadlock at a time when the US economic recovery has shown signs of faltering. The deal now needs to be approved by the full Democratic controlled House of Representatives and the Republican held Senate before being sent to the White House for Mr. Trump's signature.

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	26.04	26.12	67961
Close	25.77	25.95	67907
Change	-0.27	-0.17	4172
% Change	7.76%	7.98%	6.55%
Pivot	25.84	26.02	67901
Resistance	26.05	26.05	68437
Support	25.56	25.92	67370

Major Central banks had their policy meet scheduled last week and all kept their rates unchanged and maintained a stance to stimulate the economy until it recovers. The Federal Reserve has said it will keep buying at least \$120bn of debt per month until substantial further progress has been

Ratios	
Gold/Silver	72.07
Gold/Oil	38.87

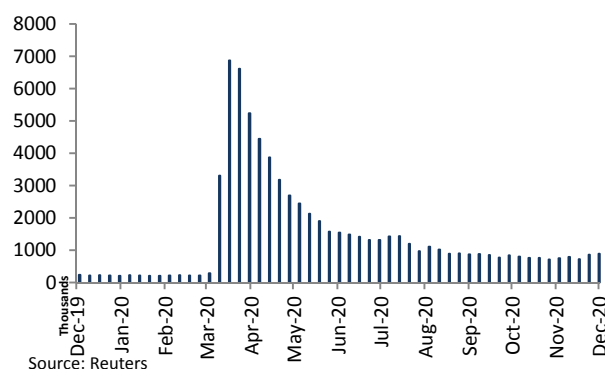
made in the recovery, strengthening its support for the US economy amid a surging coronavirus outbreak. Fed also mentioned that they will increase their holdings of Treasury securities by at least \$80bn per month and of agency mortgage-backed securities by at least \$40bn per month until substantial further progress has been made toward the committee's maximum employment and price stability goals. Improvement in the economic forecast is positive for the economy although, governor's comments and actions gave support to the bullions pack.

Apart from the central bank policy statements, bullions also got support from the positive economic data. The US deepening slowdown was highlighted again, with the highest number of initial jobless claims reported in more than three months. Outflow in ETFs market sentiment, justifying the move witnessed in metal prices. Investment in gold witnessed a decrease for the week ended 20th Dec, 2020 and holdings currently stand at ~1167 tonnes compared to holding of ~1175 tonnes in the previous week. Holding in iShares ETF witnessed an inflow of ~294 tonnes and holdings currently stand at ~17338 tonnes.

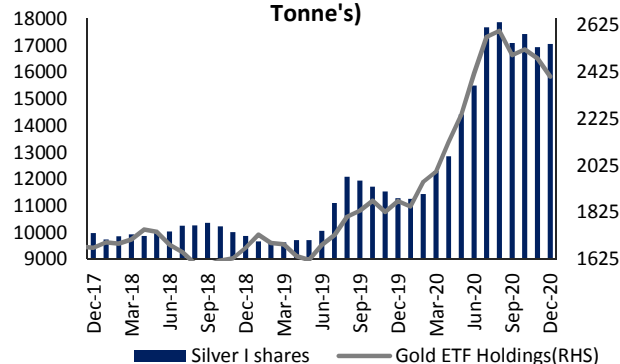
Outlook

Looking ahead, the economic calendar for this week is fairly light. Market liquidity and headline-flow will both be light, as is always the case in the week of Christmas. No major economic data is expected this week although; uncertainties and events hovering the market will continue to trigger the market. With the vaccine developments and updates, market participant's eyes are also set on the "new" stimulus bill which will continue to give a boost to the market sentiment. Hence, development of all variables and uncertainties will be in focus hence it is advised to maintain a cautious approach. Broadly we expect gold to trade sideways to positive this week.

US Initial Jobless Claims



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



Technical Outlook:-

Gold

MCX Gold reversed sharply from its weekly low and traded with positive bias in the preceding week. The counter is sustaining well above the key area of Rs.50000 which indicates further strength in price for short-term. Both the momentum indicators RSI & MACD are indicating strength in price. Immediate support zone is at Rs.50200 – 50000 whereas major support is at Rs.48600. Short-term bias looks positive for the metal and dip buying is recommended. Price sustained break above Rs.50950 will confirm channel break out and will lead the move towards Rs.51500 – 51750 area.



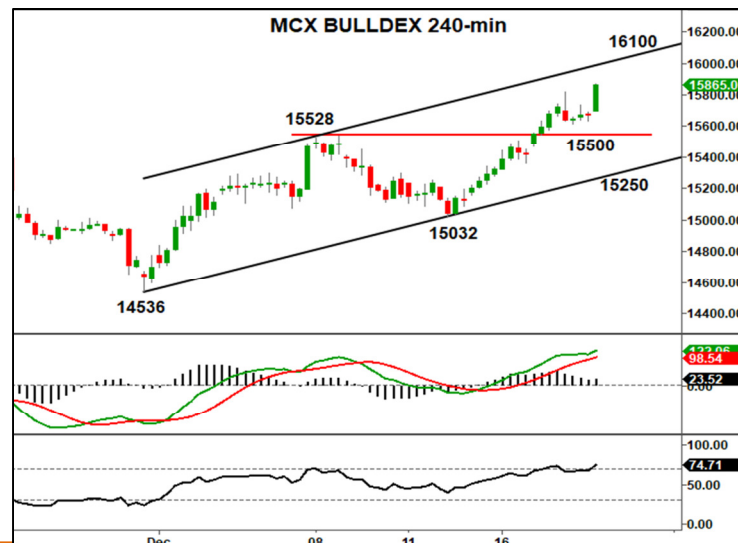
Silver

MCX Silver also traded with positive bias in the preceding week and has broken above the key resistance area of Rs.66500 which indicates strength in price for medium-term. Both the momentum indicators RSI & MACD are indicating strength in price. Now, previous resistance Rs.66500 will act as key support and bias looks positive in the near term. Intermediate support is at Rs.68000. The metal is likely to target Rs.72000 - 73500 mark in the near term. Bias looks positive but our view will negate below critical support at Rs.64800 area.



BULLDEX

As seen on the 240-min chart, MCX Bulldex is trading in a rising channel forming higher highs and higher lows pattern which indicates strength in price. Immediate support is at Rs.15500 whereas strong support is at 15259 of channel. Both the momentum indicators RSI & MACD are indicating strength in price for the short-term. Dip buying is recommended targeting 16100 – 16350 levels.



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