



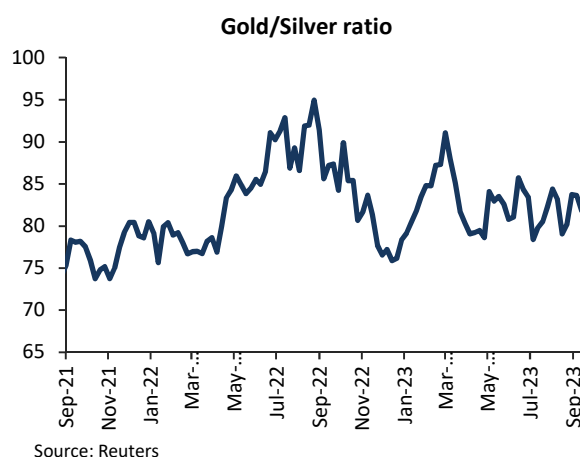
Gold and silver prices bounced back after a steep fall at the start of the month following recovery in dollar Index and US Yields. Last week, despite several central bank's policy meetings, Dollar Index closed in the green and rallied by quarter of a percentage point, US 10Y Yields rose to highs of 4.5%, gold and silver recovered quite well from the lows ending the previous week with 0% and 1.6% gains respectively. Dollar Index made a low of ~99.60 in the month of July and since then a sharp reversal is seen, currently hovering close to 106 mark, similarly US 10Y Yield also marked 16-year high hovering around ~4.5%, contradicting the expectation of a pause in rate hike cycle.

Fed hit a pause button in its rate hike cycle but opted to raise rates further in this year, in its two-day meeting. Fed members, voted unanimously to hold the Fed rate between 5.25% and 5.5%, however as many as 12 of 19 policymakers expect one more rate hike in this year, the remaining seven favoured holding rates steady. Since March 2022, the Fed has pursued one of the most aggressive campaigns to reduce liquidity in the market, in a battle against price pressures that have proven far more persistent than expected. The Fed lowered their core inflation and increased their growth forecast, while the dot plot showed the possibility of one more rate hike before the end of this year, chance for a rate cut in 2024 was also reduced. BOE also surprised the market and kept their rate unchanged against market expectations of a 25bps rate hike.

Despite these hawkish statements from the US central bank, and a rally in US Yields, it is very interesting to see that the CME Fed-watch tool continues to suggest a pause at the next couple of meeting and the probability of the same is above 75% for November and 55% for December. Shifts in bets between a pause and a rate hike will be very important to keep an eye.

Exchange	Gold	COMEX	MCX
Contract	Spot		
Open	1919	1922	58730
Close	1925	1927	58946
Change	6	-1	-47
% Change	0.07%	-0.04%	-0.08%
Pivot	1924	1926	58887
Resistance	1930	1931	59045
Support	1920	1922	58788

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	23.41	23.52	72993
Close	23.53	23.63	73337
Change	0.12	0.11	1183
% Change	2.27%	1.92%	1.64%
Pivot	23.55	23.64	73367
Resistance	23.75	23.76	73751
Support	23.34	23.50	72954





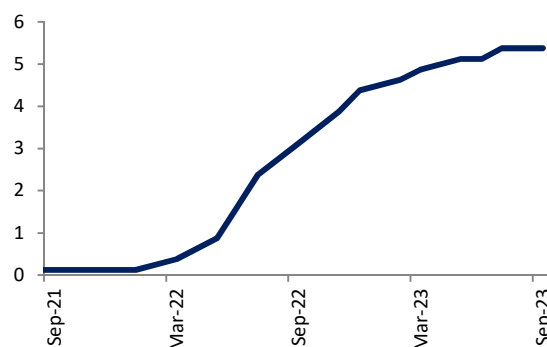
Last week reports began to break that a UAW strike at major US auto-manufacturing plants; the possibly prolonged work stoppage is a more complicated, developing story, but we can already assume that one of the much-discussed topics will be the potential impact of a blockage in one of the core components of the US economy. Any further updates regarding this, could increase distress in the market and support a move in safe haven assets.

Investment in gold witnessed an outflow for the week ended 24th Sep, 2023 and holdings currently stand at ~879 tonnes compared to holding of ~882 tonnes in the previous week. Holding in ishares ETF also witnessed an inflow of ~270 tonnes and holdings currently stand at ~13,725 tonnes. Ahead of the FOMC meet, the leveraged fund long in gold jumped 34% to 66.6k, silver doubled to 2.3k reversing from the lows.

Outlook

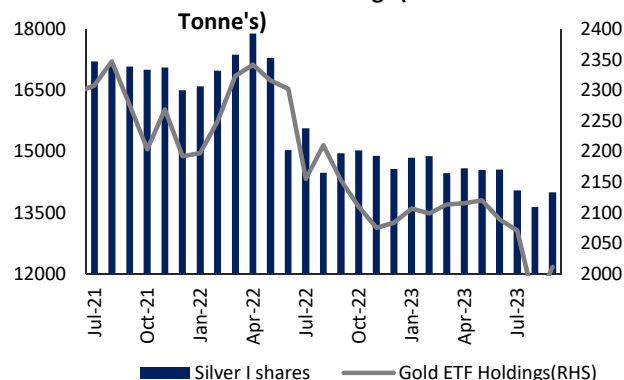
This week, there are several important economic data points, which could trigger volatility in commodities segment. On data front, from the US, market participants will keep an eye on the GDP, Core durables goods orders, consumer confidence and Core PCE price index data. After Fed policy meeting, focus this week will be on the Fed Governor Powell's speech and US lawmakers bargaining over spending bill with a Sept. 30 as a deadline. Dollar Index and US Yields continue to show strength thereby weighing on bullions. There could be bouts of correction in silver however; these dips could be used as a buying opportunity.

Fed's Target Rate (%)



Source: Reuters

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



Source: Reuters



Technical Outlook: -

Gold:

In the past week, the gold market experienced a volatile ride, characterized by a series of fluctuations. The initial three days witnessed a substantial rise, followed by a big correction over the subsequent two days. This resulted in a net weekly gain of Rs. 47, equivalent to a 0.08% increase. Notably, gold prices had been trading within a defined range since June 26, forming a symmetrical triangle pattern. The most recent movement started from the lower boundary and marks the third reversal from this level. The anticipated next move is on the upside, with an initial target set at Rs. 59,700. However, if prices manage to break above this level with confirmation through daily candle closing, it could potentially open the door to reach Rs. 60,120 and Rs. 60,500. The initial support level now stands at Rs. 58,600, while the major support level is situated at Rs. 58,200.



Silver:

Silver prices made a notable gain of approximately 1200 rupees, translating to a percentage increase of about 1.64%. During the last week, silver prices rebounded from a robust support level, specifically the lower boundary of a rising channel. Remarkably, this marks the fourth instance of a reversal occurring from this lower bound of channel. Presently, the expectation is for silver prices to venture into a higher range, therefore buying is advised on dips near Rs. 72800 to 72500 range. The immediate objective is to reach the resistance level at Rs. 74,500, which serves as the initial target. Subsequently, the potential targets are Rs. 75,500 to Rs. 77,200. Supports are now placed at Rs. 71,200 and Rs. 69,200.





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