



Significant rally with slight profit booking is what Gold has witnessed in the past few weeks. Against all odds, gold a safe haven asset has shown strength on the back of geo-political uncertainty. Gains in Dollar Index and US Yields and higher for longer dialogue by the Fed, weighed on Gold and silver prices however, escalating dispute between Israel and Hamas is supporting the metal on lower end. In the previous week, US 10Y Yield hovered around 5% for the first time in 16 years, leading to sharp swings in bond market and keeping market participants on the edge w.r.t interest rate. After hitting 5% peak, a quick reversal was seen closing the week ~4.8%, similarly Dollar Index too made a low of ~105.97 and went up to 106.90 on the back of strong economic data points from the US.

US economy expanded faster than expected in Q3 of 2023, growing at its quickest pace in almost two years, showing strong signs of resilience despite higher interest rates. Strong consumer spending was one of the primary driver of 4.9% increase in US GDP, from a 2.1% rate in Q2 and strongest figure since Q4'21. In the previous week, housing numbers and Core durables goods orders data was also reported better than expectations giving the Fed reasons to believe that they have more on higher side to raise rates without worrying about growth. Weekly jobless claims was slightly higher however, US jobs market has been quite strong and we will get further cues regarding it this week. Along with all this, highly anticipated US Core PCE price index data was reported more or less in-line with expectations raising bets for a pause in November fed meeting.

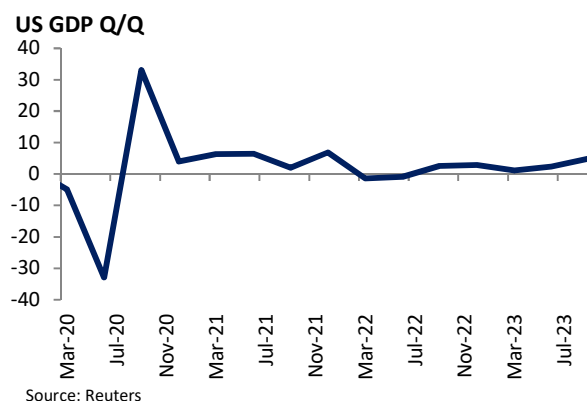
Exchange Contract	Gold Spot	COMEX	MCX
Open	1985	1988	60915
Close	2006	1989	61156
Change	21	6	420
% Change	2.55%	0.31%	0.69%
Pivot	1997	1992	61039
Resistance	2018	2006	61385
Support	1985	1975	60810

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	22.75	22.80	71745
Close	23.14	22.77	71717
Change	0.39	-0.03	-1192
% Change	-0.90%	-2%	-1.63%
Pivot	22.97	22.83	71634
Resistance	23.31	22.86	71983
Support	22.80	22.75	71367





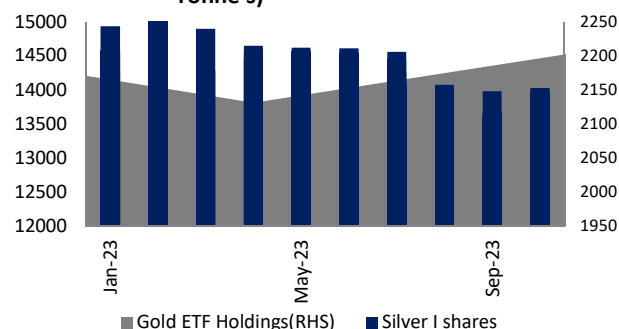
Fed officials last week, kept the market participant on edge with their mixed set of statements. Fed Governor Powell during his speech at the Economic Club of New York mentioned that, significant tightening in financial conditions with higher bond yields could have implications for the policy. Governor Powell added that the committee is "proceeding carefully" and reiterated that they remain attentive of the incoming economic data points. With all these statements and economic numbers, bets for a pause in November Fed meeting has increase to ~99% and the same for December meeting is at ~80% contradicting the one more rate hike expectations, built by Fed officials.



Israel kept up its strikes on Hamas targets in Gaza as it prepared for a ground invasion and world powers at the UN failed to secure plans to deliver critical humanitarian aid. Initial reports in the dispute last week suggested that Israel was ready to wait for the Gaza invasion however soon it was discovered that former was readying its troops for ground invasion. World leader are also trying to calm this dispute in Middle East and pushing both Israel and Hamas for either a pause or a ceasefire but, if more countries continue to get involve we could be in for further disruptions.

Investment in gold witnessed did not much change and the holdings are currently marked at ~862 tonnes. Holding in ishares ETF witnessed an inflow of ~58 tonnes and holdings currently stand at ~13,800 tonnes. Money managers more than doubled their net long, as gold rallied by more than 2%; the net long rose 49K to 90.7K lots of fresh longs and short covering.

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



Outlook

This week, lot of events and economic data points are scheduled from the US, which could give direction to gold and silver prices. Data points like US consumer confidence, Manufacturing and Services PMI from major economies. Second last Fed meeting of this year is also scheduled this week, wherein market is expecting another pause but, stance and comments from Governor Powell will be important to watch for. Along with Fed, BOE policy meeting is also scheduled this week, which could provide some trigger in the Dollar Index. Involvement of other countries in the Israel- Hamas dispute has increased distress in the market; any escalation could lead to further rally in bullions. Dollar



Index and US Yields are acting as strong headwinds, any further upside in it could cap gains for safe haven assets. Rising bets for a pause in rate hike and escalation in dispute could support both gold and silver prices; however, any fall in industrial metals could influence the same in silver keeping the same in a range.

Technical Outlook: -

Gold:

In the preceding week, gold prices surged by over 227 rupees or 0.37%, marking the third consecutive week of gains. Over this three-week period, prices surged by more than 3000 rupees, an impressive gain of approximately 7.00%. This upward momentum is expected to persist as the price chart indicates a breakout from a falling wedge pattern. A potential target for gold is set at Rs. 62,500. However, investors should remain vigilant as a correction of at least 500 to 800 rupees may materialize before reaching this level, potentially pulling the price back to around Rs. 60,000. Such a correction could present a favorable buying opportunity, with a key support level at Rs. 59,100 serving as a stop loss.



Silver:

Silver prices experienced a substantial decline of around 1.83%, equivalent to a decrease of approximately 1300 rupees. This downturn marked the end of a two-week bullish trend in the silver. It's worth noting that silver prices have returned to a critical level that previously resulted in a breakdown. Currently, the primary resistance or obstacle for silver stands at Rs. 73,800. A sustained breach above this level has the potential to propel the price higher, targeting the range of Rs. 75,000 to 76,500. However, if a breakthrough fails to materialize, the rally could lose steam and potentially drag the price back towards Rs. 70,000.





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