



**Tuesday, January 23, 2024**

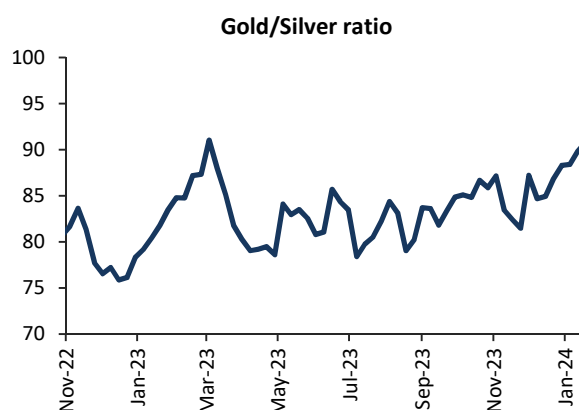
Gold and Silver prices are witnessing an ease off since the start of this year on back of strong dollar and lower rate cut expectations. Fed official's comments and positive economic data points lowered rate cut expectations for March Fed meeting. Dollar Index inched higher from ~102 levels to ~103.50, similarly US10Y Yields also rose from 3.78% to 4.1% mark. Last week, US House of Representatives passed a short-term spending bill that will avert a partial government shutdown and free up lawmakers to focus on negotiations that are more contentious over aid to Ukraine, weighing on safe haven assets.

Fed Governor Waller earlier this week mentioned that the central bank should not rush to cut rates until lower inflation can be sustained. Fed officials since the start of this year have been in favour of delaying the rate cuts and now that is being discounted by the market. Few weeks back the rate cut probability in March meeting was at 70%, which has now slipped to 40% supporting an up-move in Dollar Index and US Yields.

Economic data points from the US in the previous week were reported better than expectations, US Retail sales was reported at 0.6% against the previous month's data of 0.3%. Similarly, US industrial production was also reported well above estimates supporting an up-move in Dollar Index and US Yields. Better than expected data points along with higher inflation data eased the rate cut expectations for March Fed meeting.

Exchange Contract	Gold Spot	COMEX	MCX
Open	2023	2023	61876
Close	2029	2027	62004
Change	6	-20	-358
% Change	-0.96%	-0.99%	-0.57%
Pivot	2029	2027	62033
Resistance	2039	2035	62225
Support	2020	2019	61811

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	22.74	22.80	71461
Close	22.58	22.60	71460
Change	-0.16	-0.19	-1020
% Change	-2.53%	-2.66%	-1.41%
Pivot	22.62	22.66	71545
Resistance	22.80	22.81	71804
Support	22.40	22.45	71200



Source: Reuters



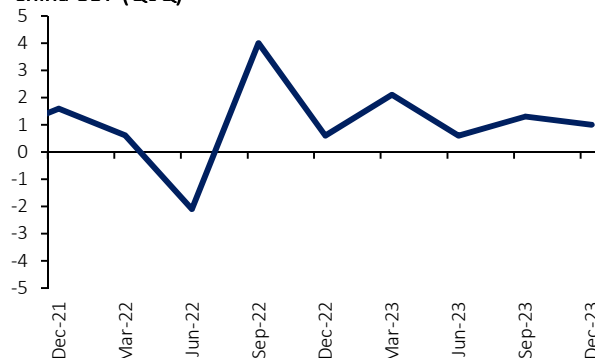
Tensions between the Iran-backed group and US have continued to escalate since past some time and this has increased the distress in the market supporting the overall sentiment for precious metal assets. These escalations are taking place despite officials in Washington insisting that the US is not intending to go to war with Yemen-based rebels. On other hand, The US is preparing to name the Houthis an Iran backed militant group in Yemen as a specially designated global terrorist group. Houthi rebels have stepped up their attacks in response to Israel's war in Gaza against Hamas, this specially designated global terrorist group label allows the US government, with some exceptions to block assets of individuals and entities that provide support or assistance to the group as well as related subsidiaries.

China's economy grew at one of the lowest rates in decades, pointing to persistent challenges for the world's second largest economy from a property slowdown, deflation and demographic pressures. GDP expanded 5.2% last year, outpacing growth of just 3% in 2022, when the economy was constrained by Beijing's Zero-Covid restrictions. Similarly retail sales was also reported lower than estimates at 7.4% in December YoY, against 8%, while industrial production grew 6.8% last month against a year earlier, above expectations of 6.6%.

Investment in gold witnessed an outflow for the week ended 28<sup>th</sup> Jan, 2024 and holdings currently stand at ~858 tonnes compared to holding of ~860 tonnes in the previous week. Holding in ishares ETF witnessed an inflow of ~ 500 tonnes and holdings currently stand at ~13,955 tonnes.

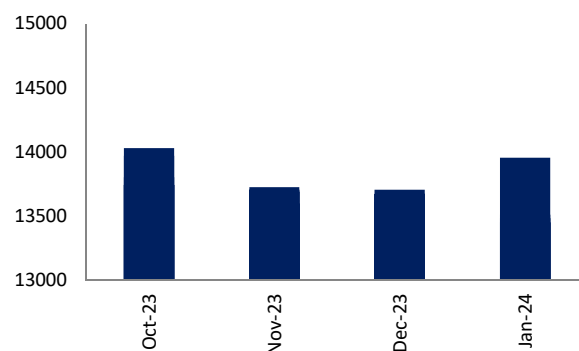
Economic calendar this week has some important data points scheduled which could trigger further volatility in the market. Focus will be on Preliminary PMI data form major economies and US GDP and Core PCE price index. Fed official's comments are influencing the market expectations for rate cuts in March. Rise in Dollar Index and US Yields could cap gains for safe haven assets. Updates regarding the geopolitical tensions could also be a factor to keep an eye on. Gold could trade in a range for the week, while Silver could witness some selling pressure on higher side.

China GDP (QoQ)



Source : Reuters

Silver IShare Holdings (in Tonne's)



Source: Reuters

## Technical Outlook: -

### Gold:

In the previous week, Gold prices lost around 350 points or 0.57%. Prices witnessed volatile sessions while recording the low of Rs. 61454 and high of Rs. 62646 throughout the week. The key support is now placed near Rs. 61450 level on closing basis. However, key immediate resistance level is observed at Rs. 62800. The 14-period RSI on daily chart is hovering around 50 mark which signals a range bound price action. Any sustenance below 61800 level could drift the prices lower towards 61450 in coming sessions. Selling on significant rallies is suggested in the counter. However, our view will negate if prices break above Rs. 62650 mark on closing basis.



### Silver:

During the previous week, Silver prices witnessed a decline of more than 1000 rupees or 1.40%. Prices recorded the high of Rs. 72842 but failed to sustain at higher levels. The immediate key resistance is now observed near Rs. 72400 mark. However, key immediate support is placed near Rs. 70350 level. The 14-period RSI has crossed below the mid-point of 50 mark on the weekly chart suggesting that momentum is strengthening on the lower side. A decisive break below Rs. 70350 level is likely to push prices towards Rs. 69500 mark in the medium term. However, the bearish view will negate if prices manage to break below Rs. 72400 level on closing basis.





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