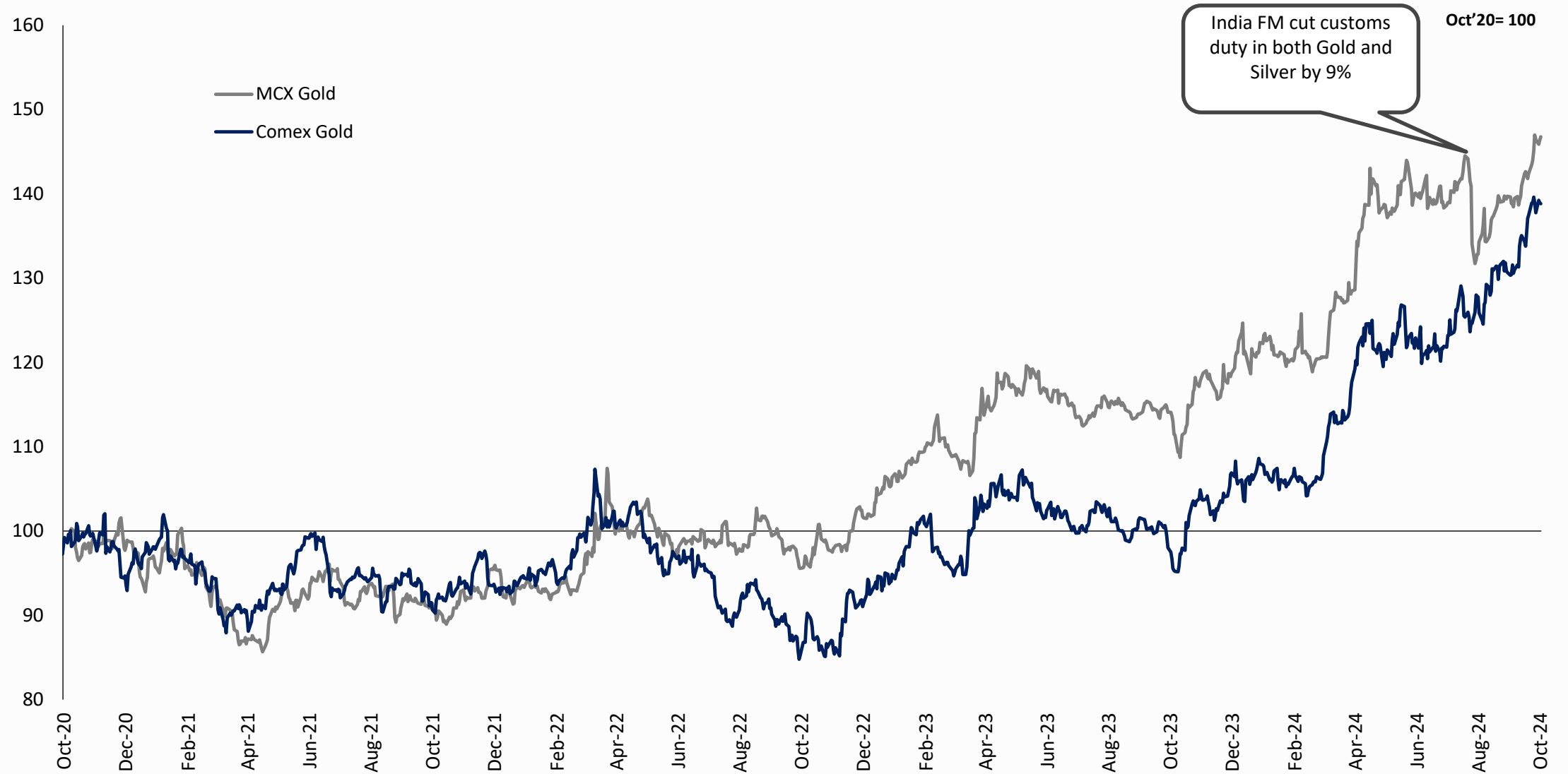


Ready, Set, 'GO'LD

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Gold Price

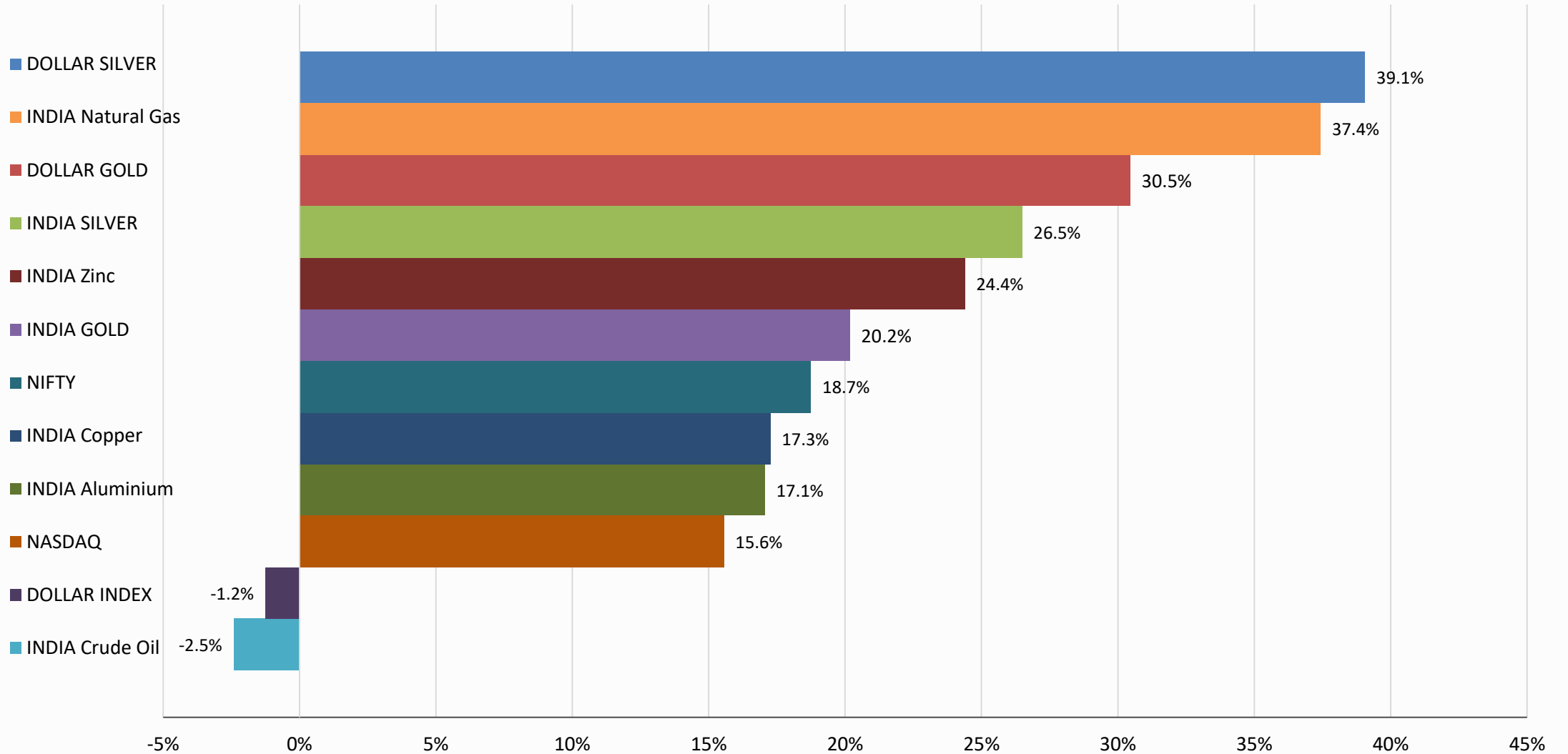


Source: Reuters

2024

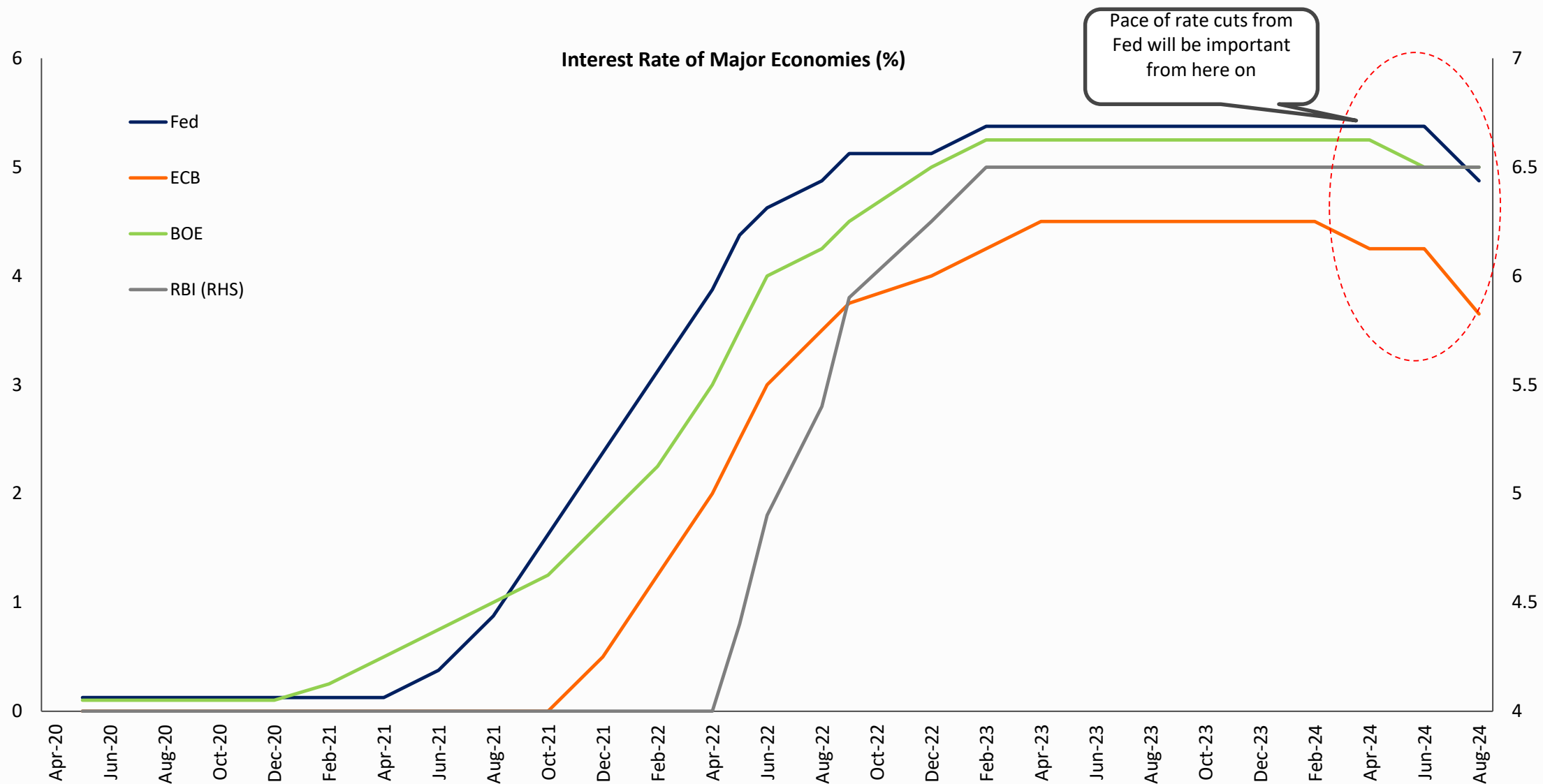
SWOT Analysis	
Strength	Weakness
· Geo-Political Tensions	· Volatile Oil prices
· A global trade war/emergence of protectionism	· Dollar and Yields Strengthening
· Slower global growth	· Strong economic data
· Loose monetary policy	· Outflow in ETF
· Rupee Depreciation	· Strong US labour market
· Gold: hedge against inflation	
· Continued central bank gold buying	
· Increasing domestic demand	
· Increase in Net speculative positions	
Opportunities	Threats
· Hard Landing of some Economies	· Ease off in global tensions
· Festive and wedding season demand	· Increase in risk appetite
· Black Swans impacting the global growth	· Shift in Central Bank stance
· Election uncertainties increasing volatility	· Expectation of continued surplus in market
	· Sell off in Speculative Positions

Asset class comparison (YTD)



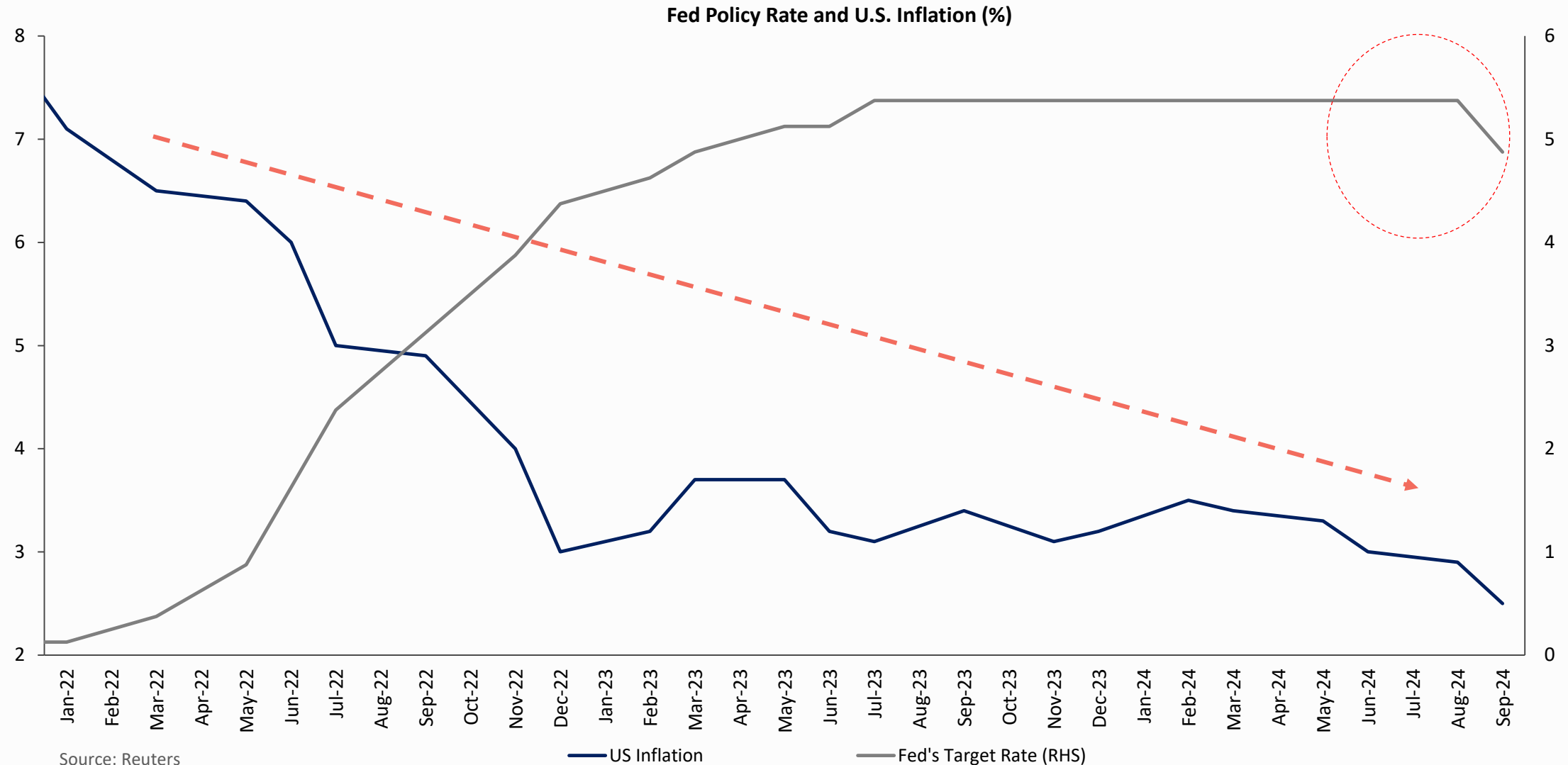
Source: Reuters

Major central banks join the rate cut bandwagon; RBI stays put

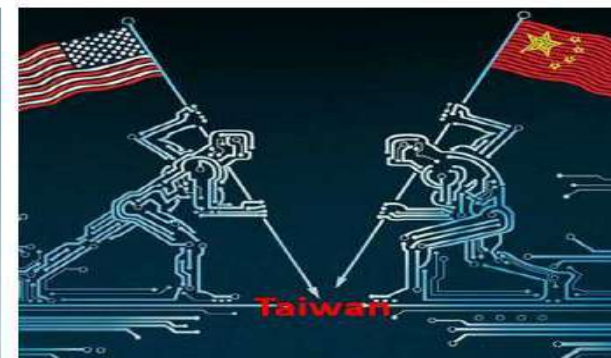


Source: Reuters

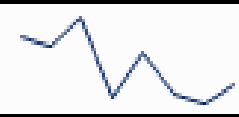
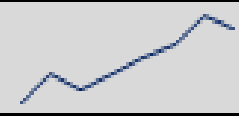

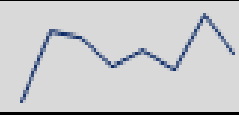
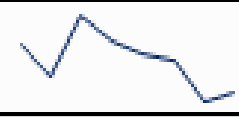
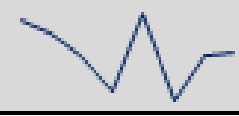
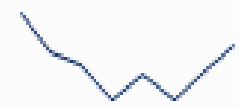
Fed announces its first rate cut since the pandemic



Geo-political risk promotes rally in safe haven assets

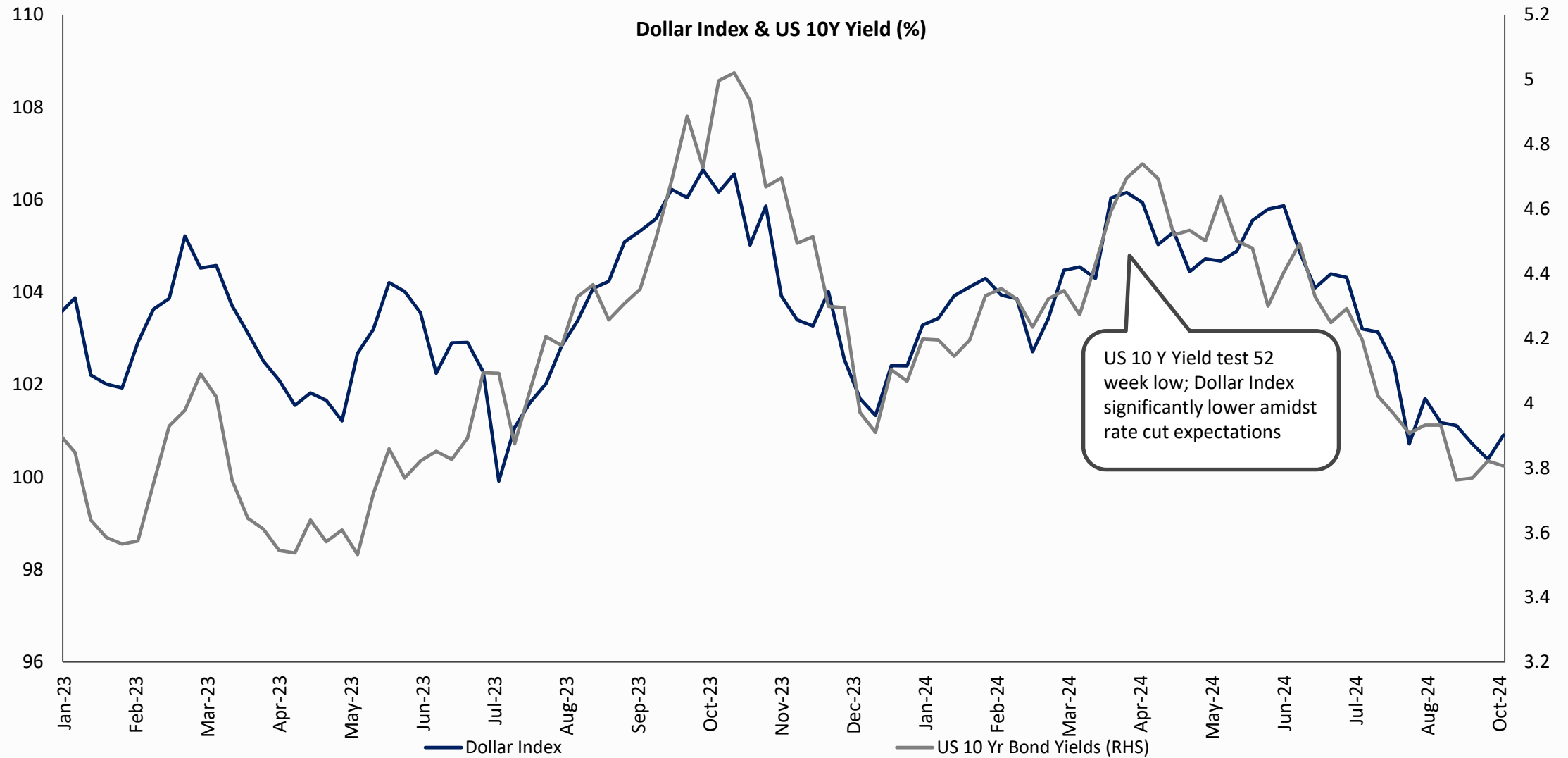


US Economic Dashboard shows Mixed sentiment

US	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Trend
GDP (QoQ) (%)			1.3			3.0			
Non-Farm Payrolls	256000	236000	310000	108000	216000	118000	89000	142000	
Unemployment Rate (%)	3.7	3.9	3.8	3.9	4	4.1	4.3	4.2	
CPI (%)	3.1	3.2	3.5	3.4	3.3	3	2.9	2.5	
Retail Sales (%)	-1.1	0.7	0.5	-0.2	0.2	-0.3	1.1	0.1	
Manufacturing PMI	49.1	47.8	50.3	49.2	48.7	48.5	46.8	47.2	
Services PMI	53.4	52.6	51.4	49.4	53.8	48.8	51.4	51.5	
Consumer Confidence	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	

Source: Reuters

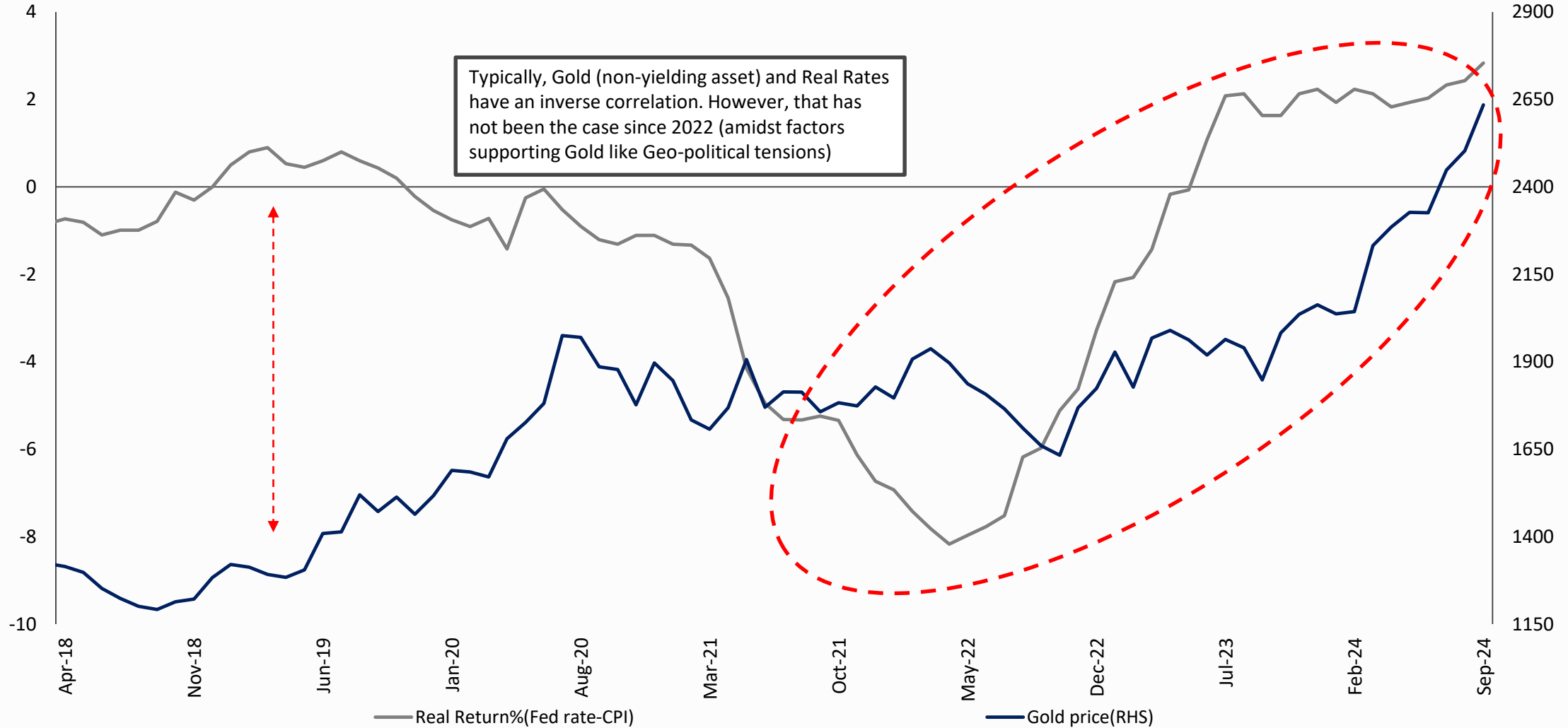
Fall in Dollar Index and US Yields weigh on Bullion



Source: Reuters

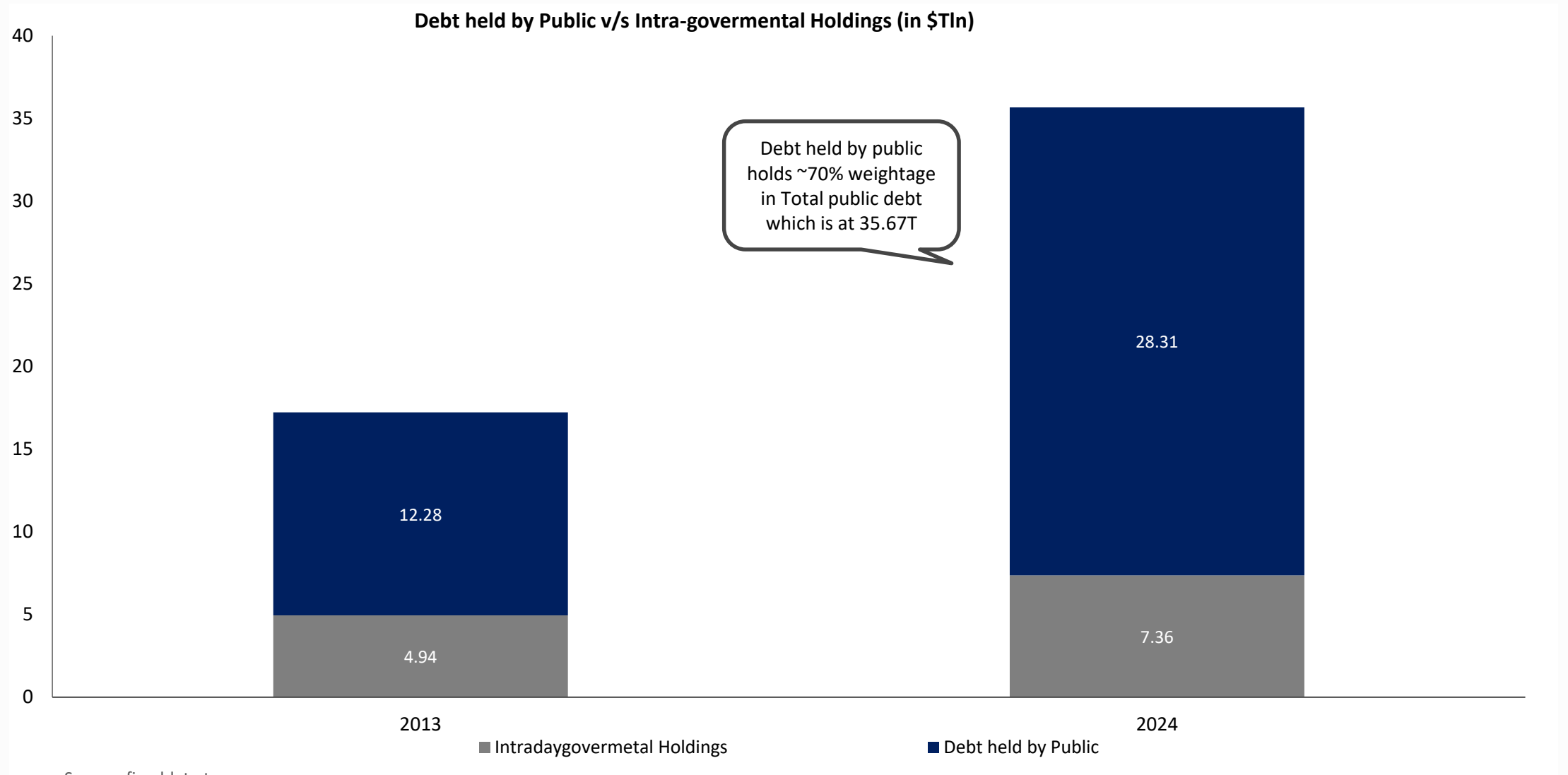
Gold and Real Rates: Against the norms!!!

Gold (\$) v/s Real Returns (%)

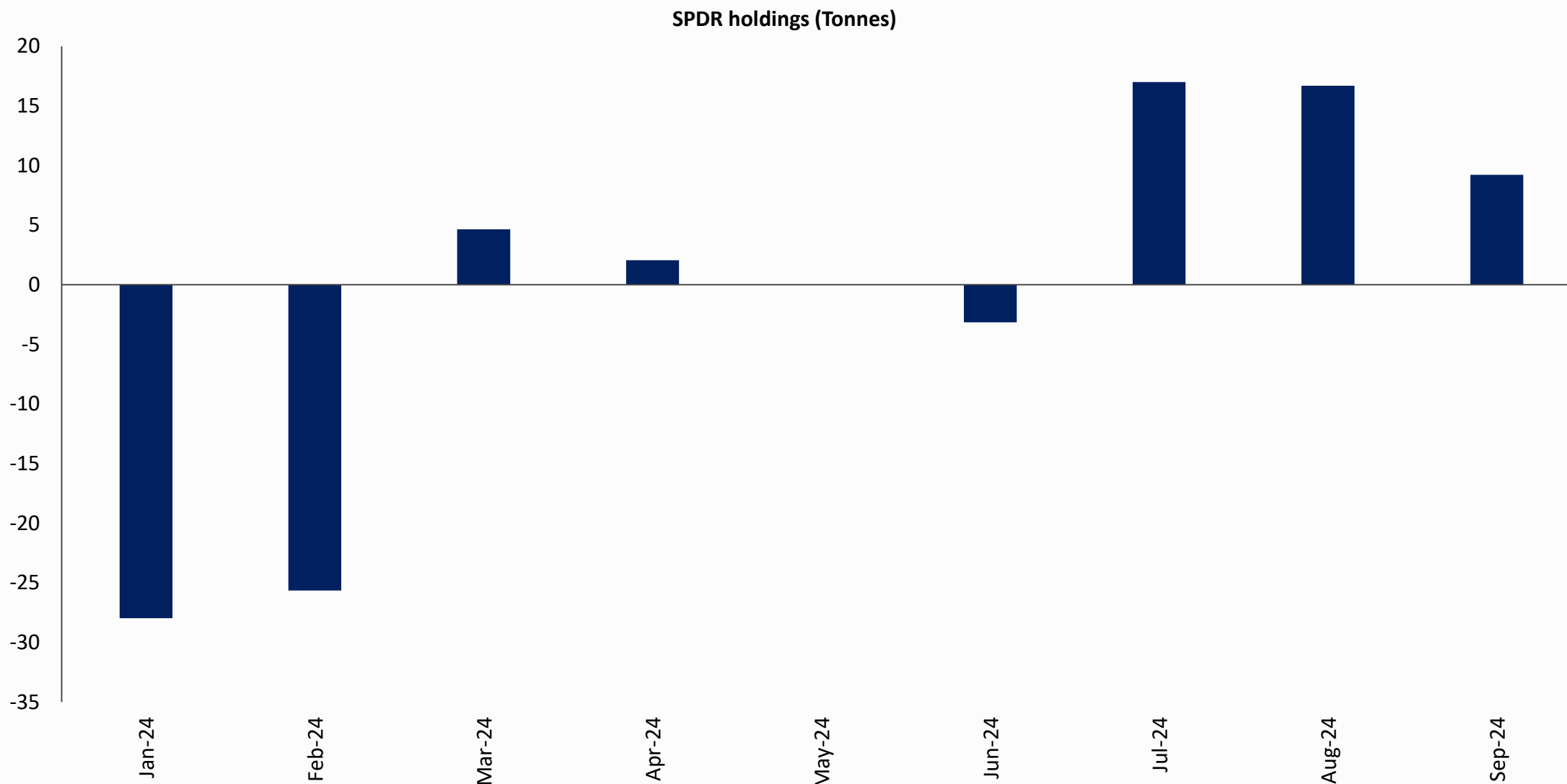


Source: Reuters

US Debt troubles continue to grow

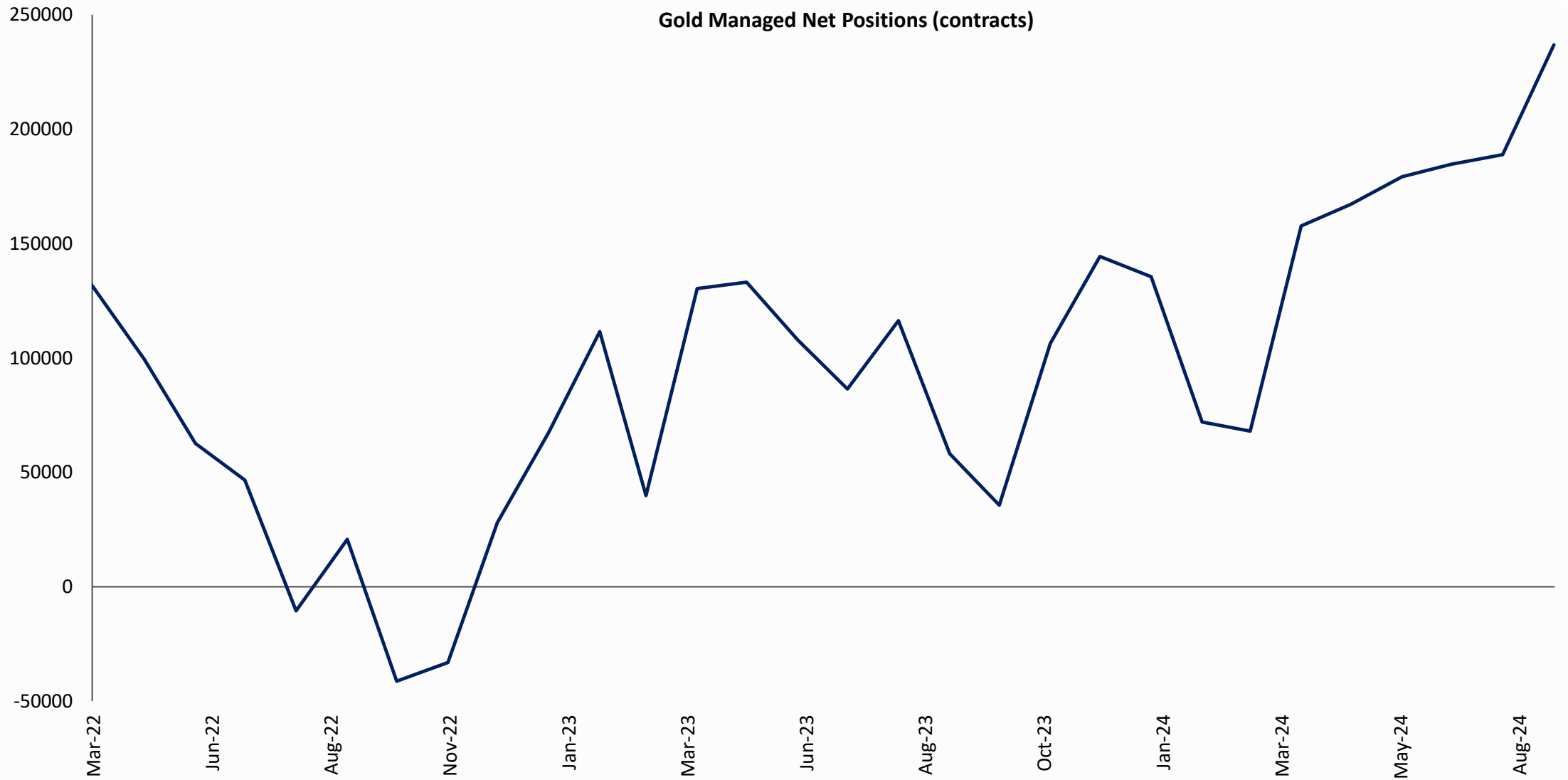


Inflow in SPDR holdings since the past three months



Source: Reuters

Strong Long Built-up seen in Gold



Source: Reuters

Gold's returns in different economic scenario's

Year	Comex Gold	MCX Gold	USDINR	Disruptive/ Supportive factors for Gold	Fed's decision	Net yearly change in interest rate
2000	-5%		7%	Dot com bubble	Rate hike	1.00%
2001	1%		3%	9/11 terrorist attack	Rate cut	-4.75%
2002	26%		-1%	SARS outbreak	Rate cut	-0.50%
2003	20%		-5%	Iraq war 2003-2011	Rate cut	-0.25%
2004	5%		-5%		Rate Hike	1.25%
2005	18%		4%	Launch of SPDR Gold Trust	Rate Hike	2.00%
2006	23%	21%	-2%		Rate Hike	1.00%
2007	32%	14%	-11%		Rate cut	-1.00%
2008	4%	29%	23%	Global Financial Crisis	Rate cut	-4.00%
2009	25%	22%	-4%		-	0.00%
2010	29%	24%	-4%	Europe sovereign debt crisis	-	0.00%
2011	9%	32%	19%	US fiscal cliff	-	0.00%
2012	8%	13%	3%		-	0.00%
2013	-27%	-8%	13%	Political risk in Greece/ Taper tantrum	-	0.00%
2014	0%	-6%	3%		-	0.00%
2015	-12%	-7%	4%		Rate hike	0.25%
2016	8%	10%	3%	Brexit	Rate hike	0.25%
2017	13%	6%	-6%		Rate hike	0.75%
2018	-1%	5%	10%	US-China trade tensions	Rate hike	1.00%
2019	18%	25%	2%	Emergency Rate Cuts	Rate cut	-0.75%
2020	25%	28%	3%	Covid-19 Pandemic	Rate cut	-1.50%
2021	-3%	-4%	1%		-	0.00%
2022	0%	14%	11%	Russia-Ukraine war *	Rate hike	4.25%
2023	13%	10%	1%	Israel- Palestine*	Rate hike	1.00%
2024*	30%	20%	1%	Continued Geo-political war and Rate cut expectations*	Long pause and rate cut	-0.50%

* active event

Source: Reuters

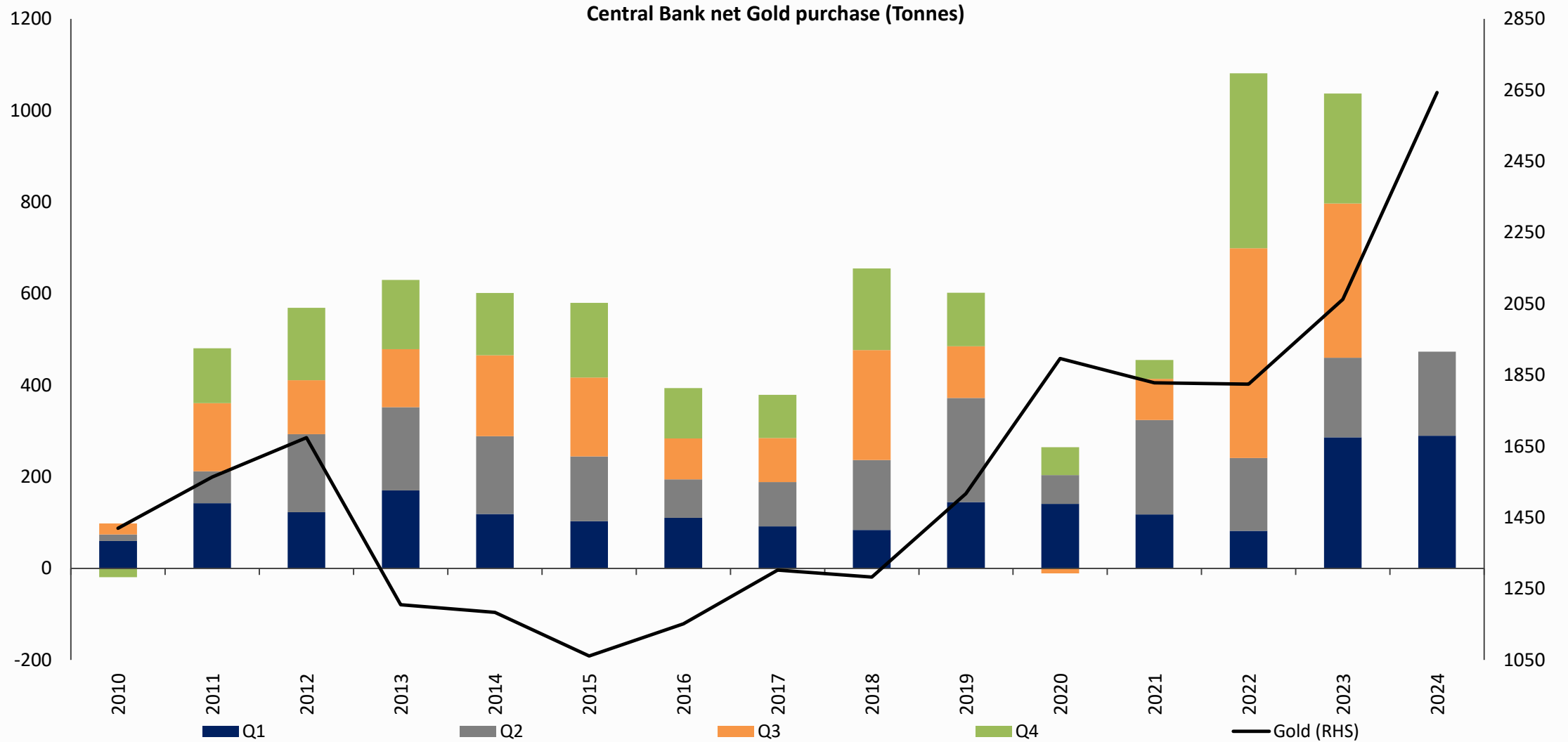
Gold's returns in rate cut or a pause scenario

Rate cut cycle or a period of a long pause	Gold gains in that period	Events leading to distress in market	Fed's decision
July 2000- Dec 2003	50%	9/11, Tech bubble	Cut by ~5.5%
July 2007- Dec 2008	33%	Global Financial Crisis	Cut by ~5.25%
Jan 2009- Nov 2015	15%	-	Long Pause
July 2019- Apr 2020	18%	US-China Trade-war, Pandemic	Cut by ~2.25%
Apr 2020- Mar 2022	16%	Russia-Ukraine war	Long Pause
Aug 2023- Aug 2024*	28%	Israel and Hamas war	No change after sharp hikes

Source: Reuters

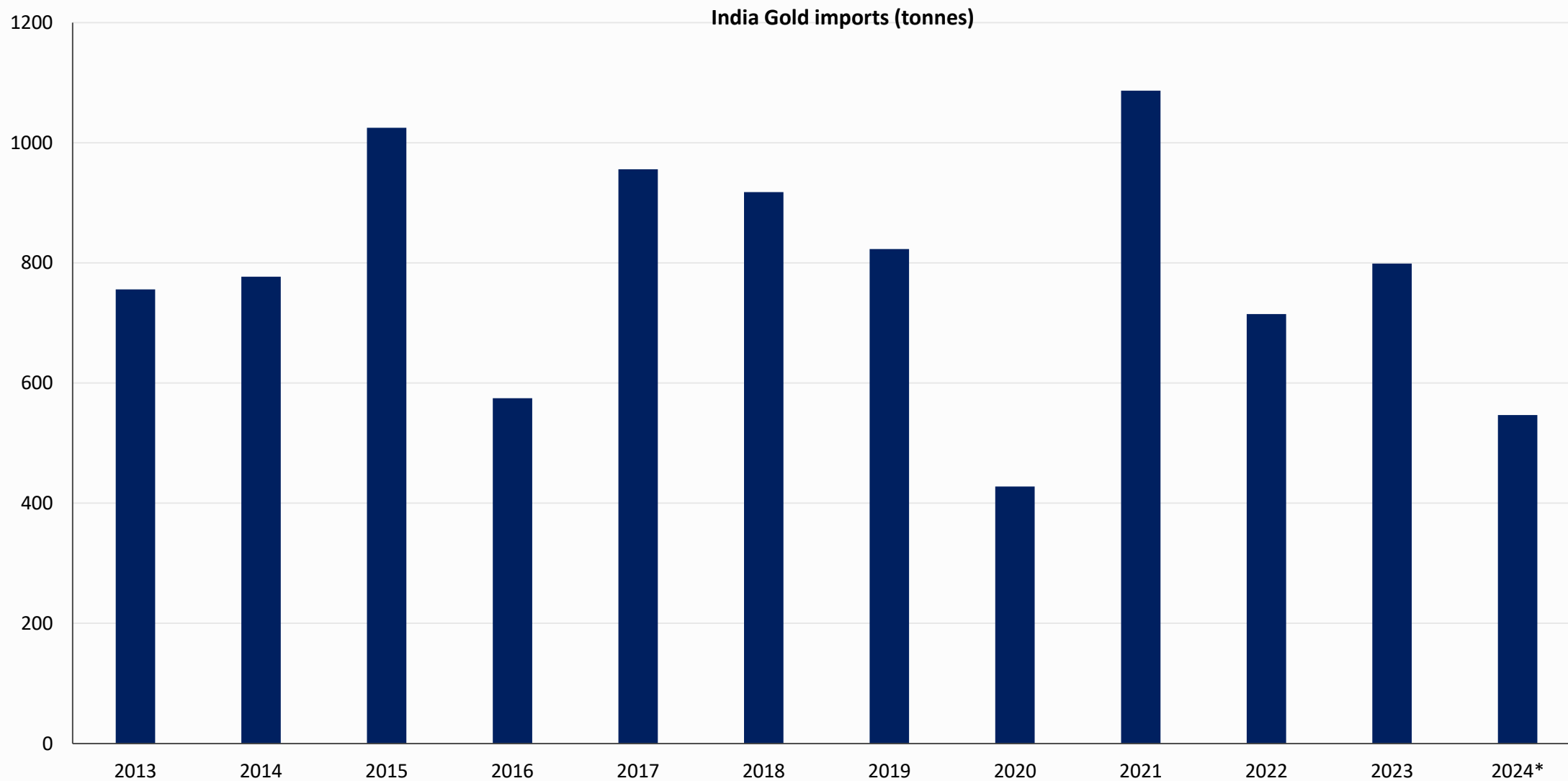
- Table in above slide, shows Gold (\$,Rs.) returns, major global uncertainties and yearly interest rate change announced by Fed from 2000 – 2024*
- Our objective of that analysis was to see that if Gold outshines during a global uncertainty, does it continue to do the same during the time of a rate hike scenario
- It is interesting to see that from 2000-2024*, out of 10 instances where Fed has announced a rate hike, there are seven instances where gold has posted gains of 0% or higher
- Similarly, in above table, we have tried to highlight returns of Gold during a rate cut cycle since the year 2000. Along with rate cuts, we have also covered period where there was long pause in interest rates.

Central Banks Gold buying spree!



Source: WGC

India Gold imports jumped significantly



Source: WGC

- For the first 9 months of 2024, Gold has put a fantastic show backed by Feds rate cuts and geopolitics at play
- The much awaited rate cut of 50 bps was delivered by the Fed in its September meet, with some caveats for future rate cuts
- Inflation has eased and is within Fed's comfort zone, but loose labour market is concerning
- Recent comments from Fed officials signals a divided view regarding the pace of rate cuts
- Geopolitical tensions have added to the risk premium for gold, further escalation tensions could continue to boost safe haven appeal
- Additionally, along with central bank buying, festive and wedding-related domestic demand could boost sentiments
- Except for US GDP, most of the economic indicators were lower than estimates
- US Presidential Election next month could add further spice in the market
- Domestic ETF, Imports along with SPDR Holdings and CFTC positions are supporting the case for Bulls
- **After a sharp gain in recent months, we could see some consolidation near the recent highs**
- **Historically, gold has never added gains of ~32% in any year since 2000. We expect gold to correct by 5-7%, before the next leg up**
- **We maintain a positive bias and have revised our upward potential target towards ₹81,000 on the domestic front**
- **Over the next 2 Years, Gold could be on track for the targets of ₹86,000, hence "Buy on dips" is recommended**
- **We could see Comex Gold targeting \$2,830 from a medium term perspective, while longer term targets could extend to \$3,000 and higher**
- **Last Quarterly Report: <https://ftp.motilaloswal.com/emailer/Commodity/Riding%20the%20Golden%20Wave!!!.pdf>**

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