



Monday, December 16, 2024

Overview

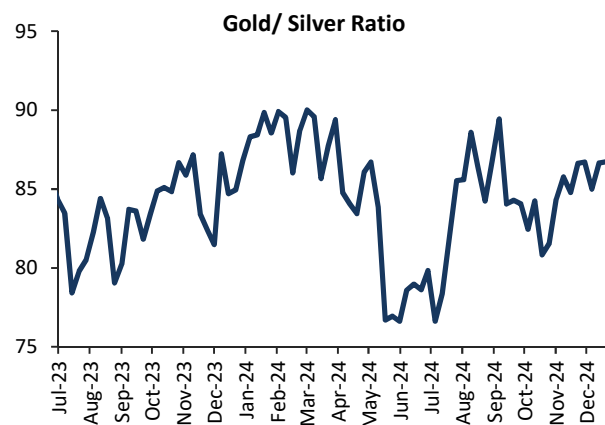
Gold and silver began the previous week notable declines towards the end of last week after starting on a positive note. Firm Dollar index, Weak inflation data, change in rate cut expectations, updates regarding Geo-political tensions led to higher swings in bullions market. Both Gold and silver saw significant profit-taking and weak long liquidation towards the end of last week.

The U.S. Bureau of Labor Statistics' latest report revealed that wholesale costs had risen by 0.4% from October, surpassing market expectations, which had forecasted a 0.2% increase. The core PPI, which excludes volatile food, energy, and trade services prices, showed a more modest increase of 0.1%, down from the 0.3% rise seen in October, and lower than estimates. The inflationary data from the U.S. continued to have an impact on market sentiment, with the Consumer Price Index (CPI) rising to 2.7% in November, a 0.1% increase over expectations. However, core inflation, was reported to be in line with expectations, adding a degree of stability in overall outlook.

One crucial factor keeping the gold market afloat is the ongoing anticipation of further monetary policy adjustments by the Federal Reserve. The central bank is expected to announce its third interest rate cut in December, which would bring down rates by a full percentage point. Additionally, U.S. Treasury Secretary Janet Yellen commented on the potential risks associated with President-elect Trump's proposed sweeping tariffs, suggesting that such measures could derail progress in taming inflation. This political development added another layer of uncertainty to the broader economic landscape, further influencing market sentiment.

Exchange Contract	Gold Spot	COMEX	MCX
Open	2681	2688	78086
Close	2648	2656	77136
Change	-33	17	517
% Change	0.59%	0.66%	0.67%
Pivot	2662	2664	77435
Resistance	2679	2681	77819
Support	2632	2640	76753

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	30.96	31.22	92201
Close	30.57	30.73	91001
Change	-0.40	-0.49	-1447
% Change	-1.33%	-1.83%	-1.57%
Pivot	30.64	30.82	91253
Resistance	31.03	31.15	92086
Support	30.18	30.40	90168



Source: Reuters



Among notable developments in global markets, Chinese stock markets struggled, largely due to uncertainty surrounding the details of an economic stimulus plan. This caused the benchmark index to break a two-week winning streak, and bond yields in China remained near record lows as investors anticipated easier monetary policy measures. Chinese officials let out dovish stance in their meeting however, no concrete measures were announced denting the market sentiment. Rupee and Yuan depreciation also made headlines recently; Yuan went from 7.24 to 7.29, efforts made by PBoC to fight against Trumps proposed Tarrifs. Similarly, rupee also depreciated sharply against dollar supporting the domestic prices.

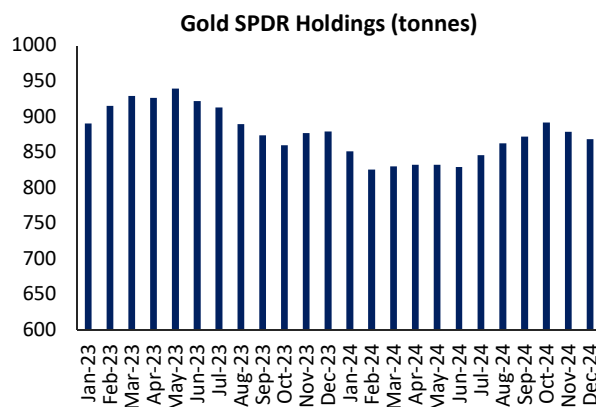
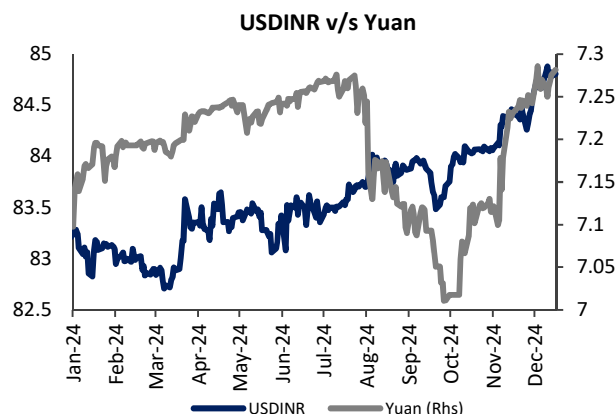
In the United Kingdom, economy contracted for a second consecutive month, signalling a tough economic environment. There is increasing concern among investors regarding possibility of deeper rate cuts across Europe. Outlook for the European economy appears increasingly bleak, contributing to growing concerns about the potential for rate cuts sooner than expected. In line with these concerns, the European Central Bank (ECB) made its fourth interest rate cut of the year, lowering the benchmark rate by a quarter-percentage point to 3%, marking its lowest level since March 2023.

Israel’s defence minister told troops to fortify their position in newly seized Syrian territory, marking plans to send in reinforcements and equipment’s despite UN demands that country retreat immediately. Since rebels attacked the capital Damascus and toppled Bashar al-Assad’s regime over the weekend, Israeli ground forces have crossed beyond previously demilitarised buffer zone in Syria.

In this month, investment in gold witnessed an outflow of ~10 ton, holdings currently stand at ~868. Similarly, ishares ETF reported an outflow of ~400 tonnes, holdings currently stand at ~14246 tonnes.

Outlook

Looking ahead, market participants will be closely watching upcoming economic data, which could trigger volatility in market. On data front, focus will be on, US GDP, Retail sales, IIP and inflation data; preliminary manufacturing and services PMI from major economies is also scheduled on the calendar. Along with Fed’s decision on interest rates, Governor Powell’s comments, dot plot and economic forecasts will be important to keep an eye on. Updates regarding geo-political development could also provide jerk in prices. Continue rise in Dollar index could limit gains for metals on higher side. Prices could continue to trade in a broad range for the week.



Source: Reuters



Technical Outlook: -

Gold:

In the previous week, MCX Gold appreciated by ₹515, or 0.65%, closing with a positive momentum. The overall technical structure remains bullish, as the price is currently trading within a higher highs and higher lows pattern. Gold has approached a key support zone between ₹76,400 and ₹75,800, which aligns with the 0.618% Fibonacci retracement level of the preceding bullish move. The Ichimoku Cloud suggests a positive medium-term outlook, with prices trading above the cloud base. Furthermore, the 14-day Relative Strength Index (RSI) remains above the 50 threshold, further supporting the bullish sentiment. A "buy on dips" strategy is recommended, particularly near critical support levels, to capitalize on the prevailing upward trend. Immediate support is located at ₹76,400, with the next key support at ₹75,500. On the upside, resistance is seen at ₹78,300, followed by the next major resistance level at ₹79,400.



Silver:

The silver market experienced significant volatility last week, ultimately closing lower by ₹1,445, or a 1.57% decline. Prices have been trading within a broad consolidation range, approaching the support zone around ₹89,500 and ₹88,500. On the weekly chart, prices are hovering near the 21-day Exponential Moving Average (EMA), positioned around ₹90,000, which is expected to act as near-term support. On the upside, resistance levels are seen at ₹92,500 and ₹94,000. A breakout above or below these key levels could signal a directional move in the market.





Navneet Damani	Head Research- Currency and Commodities	navneet.damani@motilalosal.com
Manav Modi	Analyst- Precious Metals	manav.modi@motilalosal.com

For any details contact:

Commodities Advisory Desk - +91 22 3958 3600

commoditiesresearch@motilalosal.com**Commodity Disclosure & Disclaimer:**

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilalosal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online-reports.motilalosal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilalosal.com/ResearchAnalyst/PublishViewLitigation.aspx>

Terms & Conditions:

- This document is sent for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.
- This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
- This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal.
- It is for the general information of clients of MOFSL. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.
- The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL.
- The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
- All such information and opinions are subject to change without notice.
- Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
- We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.
- Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
- The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance.
- Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
- Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.
- Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject commodity for which Research Team have expressed their views.
- MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
- A graph of daily closing prices of commodities is available at <http://www.moneyline.co.in/>.
- Opinions expressed are our current opinions as of the date appearing on this material only. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.
- The commodities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.
- This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.
- The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the commodities mentioned in this document.
- The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
- The commodities described herein may or may not be eligible for trade in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
- Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.
- MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions. However the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the commodities mentioned in the research report.
- MOFSL and its associates and Research Analyst have not received any compensation or other benefits in connection with the research report. Compensation of Research Analysts is not based on any brokerage transactions generated by broking activities under Motilal Oswal group.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilalosal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilalosal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilalosal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilalosal.com
Mr. Ajay Menon	022 40548083	am@motilalosal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/clarification may write to query@motilalosal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilalosal.com, for DP to dp@grievances@motilalosal.com.