

Precious Metals Weekly

Monday, January 13, 2025

Overview

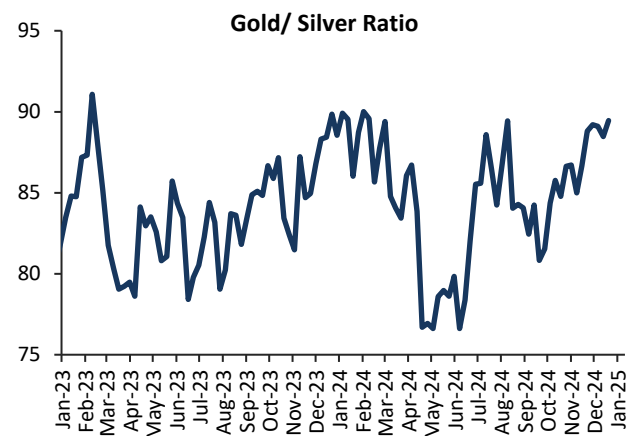
Last week both Gold and Silver witnessed significant volatility but managed to close in green showing notable resilience despite the strong U.S. economic data points. The catalyst for market movement was the December nonfarm payroll report released by the U.S. Labor Department, which showed that the economy added 256,000 jobs, far surpassing the consensus estimate of 160,000 and exceeding November's revised figure of 227,000. This better-than-expected employment data initially caused market participants to speculate that the Federal Reserve would not be inclined to cut rates in January, resulting in initial weakness across several asset classes, including gold and silver.

However, both precious metals defied expectations, with gold rallying sharply and silver posting significant gains as well on the back of other uncertainties at play in market. The surge in gold prices can be attributed to a combination of safe-haven demand and ongoing geopolitical uncertainties, as well as the growing fears over rising bond yields, which have led to increased volatility in the financial markets.

Despite the strong labor market report, which should ideally increase the likelihood of tighter U.S. monetary policy, gold prices continued their upward trajectory. This rally suggests that investors remain concerned about broader economic risks, including inflationary pressures, geopolitical tensions, and potential market corrections. The probability of the Federal Reserve maintaining its current policy stance, which is a key driver for gold prices, remained elevated. Market participants adjusted their expectations, with a 97.3% probability that the Federal Reserve would not cut rates in January. Similarly, the

Exchange Contract	Gold Spot	COMEX	MCX
Open	2671	2686	78302
Close	2690	2709	78423
Change	19	64	1106
% Change	1.91%	2.40%	1.43%
Pivot	2684	2704	78428
Resistance	2704	2725	78789
Support	2669	2688	78061

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	30.12	30.90	91896
Close	30.40	31.19	92506
Change	0.28	0.29	3285
% Change	2.64%	4.21%	3.68%
Pivot	30.33	31.15	92346
Resistance	30.73	31.71	93803
Support	30.00	30.62	91049



Source: Reuters



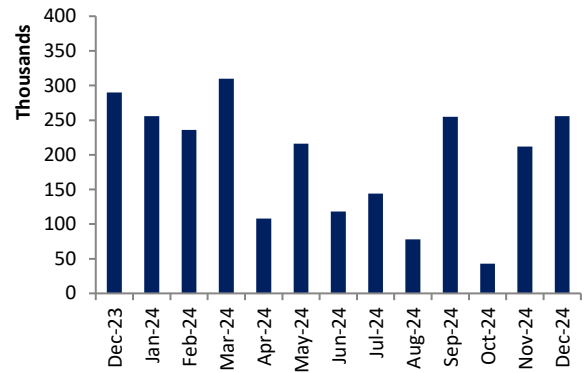
odds of the Fed keeping interest rates at their current levels, between 4.25% and 4.50%, for the March Federal Open Market Committee (FOMC) meeting stood at 74%.

Adding to the complexity of the week’s market movements, the U.S. dollar also showed notable resilience. After an initial dip following the strong jobs report, the dollar index managed to recover and finish the week with a solid gain, closing at ~109.80. This rally in the U.S. dollar further complicated the market narrative, as this strength generally acts as a headwind for precious metals. Despite this, gold and silver were able to retain their gains, indicating a strong demand for both metals in the face of broader economic and geopolitical risks. The fact that the dollar managed to recover in the wake of the jobs report suggests that investors are increasingly viewing the greenback as a safe haven amid rising global uncertainties.

Further supporting gold’s upward momentum was the news that the People’s Bank of China had increased its gold purchases. In December, the central bank bought 10 tonnes of gold, following a 5-tonne increase in November. This data reflects a broader trend of central bank gold buying, particularly from emerging markets, as they seek to diversify their reserves away from the U.S. dollar and other reserves. With Chinese central bank’s decision to halt its purchases of Chinese government bonds, likely aimed at addressing domestic demand for the yuan and supporting the currency amid external pressures. On domestic front, India revised its projections for gold and silver consumption, marking a downward revision of 82 tonnes for gold and 810 tonnes for silver.

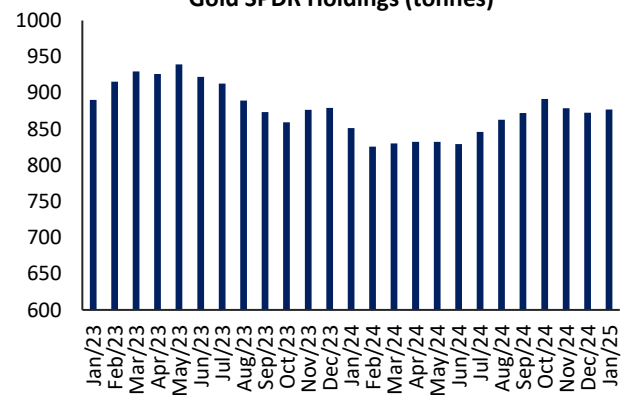
The broader geopolitical backdrop also remains a key factor for precious metals, with continued tensions surrounding U.S. foreign policy under both President Biden and President-elect Donald Trump. Biden’s administration has ramped up sanctions on Russia, further heightening tensions in Europe and raising the specter of additional global economic disruption. Meanwhile, President-elect Trump has been vocal in his stance on trade tariffs, which has added another layer of uncertainty to the global market landscape. In particular, market participants are increasingly concerned about the impact of potential tariff wars on global trade flows and the overall economic outlook, which could further push investors into safe-haven assets like gold and silver.

US Jobs Market



Source: Reuters

Gold SPDR Holdings (tonnes)



Source: Reuters



Outlook

Looking ahead, focus this week will be on US Retail sales, CPI and a few housing numbers. On calendar, China GDP, inflation on domestic front will also be important to keep an eye on. Just like last week, several Fed officials are scheduled to speak this week as well shedding some light on Fed monetary policy path this year. Rising Dollar index and US Yields could prove to be a hindrance this week. However, focus will continue to be on President-elect Trump's policies, President Biden's updates on sanctions on Russia, increasing uncertainties. Both Gold and Silver could trade with a sideways to higher bias this week.

Technical Outlook: -

Gold:

In the previous week, gold prices rose by 1.43%, marking the third consecutive week of gains, with the broader trend remaining positive. The price action is consolidating within a symmetrical triangle pattern, with key resistance at ₹79,150 and support at ₹77,700. A breakout above ₹79,150 could trigger a rally toward ₹79,900 and ₹80,700, while the 50-day EMA at ₹77,100 provides dynamic support. Momentum indicators signal bullish strength, but traders should watch for potential pullbacks toward ₹77,100.



Silver:

In the previous week, silver prices surged by over 3.5%, marking the third consecutive week of gains, with the broader outlook turning bullish. Prices likely to break out of a descending triangle pattern, indicating a potential trend reversal. Key resistance levels lie at ₹93,800 and ₹95,600, with immediate support at ₹91,000 and the 50-day EMA at ₹89,700 providing a strong base. A sustained move above ₹93,800 could drive prices higher toward ₹95,600 and ₹96,800.





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