



# Precious Metals Weekly

**Monday, January 20, 2025**

## Overview

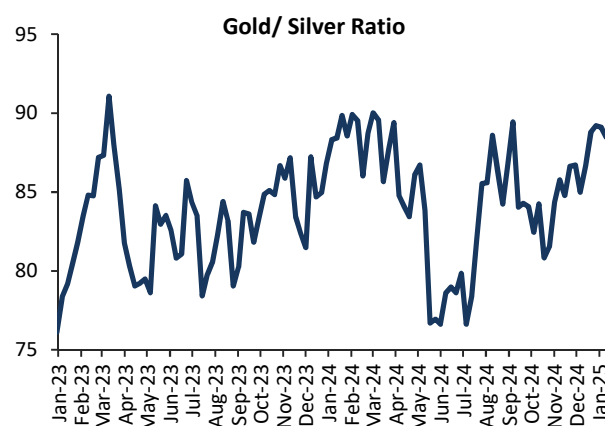
Gold and silver prices have experienced notable fluctuations last week, driven by a combination of economic data, investor sentiment, and geopolitical factors. The week started with a dip in gold prices, following a narrative shift toward the U.S. Federal Reserve's monetary policy stance and the uncertainty surrounding the U.S. administration's fiscal plans. This uncertainty had initially spurred demand for gold as a safe-haven asset, pushing prices higher. However, after Fed officials comments market participants refocused on the Federal Reserve's hawkish stance, which suggests that the central bank is unlikely to deviate significantly from its plan to cut interest rates only twice in 2025. This led to a strong rally in the U.S. dollar, which in turn caused a decline in gold prices.

The CPI data proved to be pivotal for gold and silver. Data showed a modest uptick in overall inflation, which was widely anticipated and kept inflation below the +3.0% year-over-year threshold. However, the real story emerged from the core CPI figure, which showed a small decline. After several months of persistent inflationary pressures, the decline in core CPI raised expectations that the Federal Reserve might reconsider its interest rate strategy. This development led the market to believe that more the Fed could opt for more rate cuts in the coming months, briefly supporting precious metal pack.

The renewed strength in gold was further bolstered by comments from Federal Reserve Governor Christopher Waller. Waller suggested that the improved inflation data could persuade the Fed to target as many as three or even four rate cuts this year. However, most of the Fed Governors comments since the start of

Exchange Contract	Gold Spot	COMEX	MCX
<b>Open</b>	2714	2736	79150
<b>Close</b>	2702	2744	79023
<b>Change</b>	-12	36	600
<b>% Change</b>	0.44%	1.32%	0.77%
<b>Pivot</b>	2706	2740	78991
<b>Resistance</b>	2713	2755	79226
<b>Support</b>	2694	2729	78789

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
<b>Open</b>	30.81	31.49	92629
<b>Close</b>	30.34	31.02	91602
<b>Change</b>	-0.47	-0.47	-904
<b>% Change</b>	-0.21%	-0.53%	-0.98%
<b>Pivot</b>	30.42	31.11	91800
<b>Resistance</b>	30.75	31.40	92431
<b>Support</b>	30.01	30.73	90970



Source: Reuters



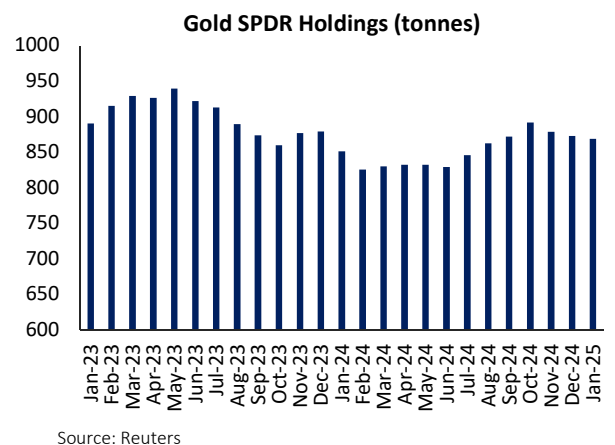
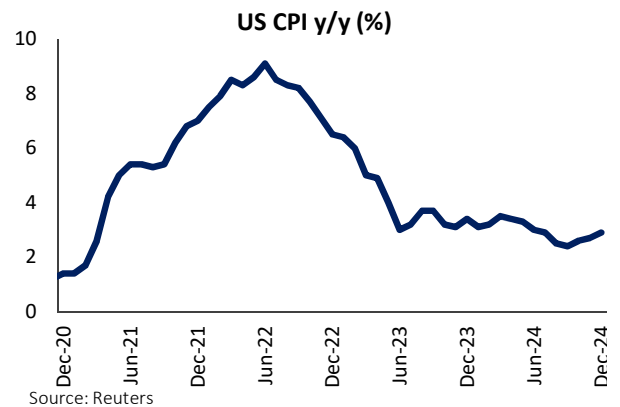
this month has been in-line with Dec Fed meet. Most of the Fed officials are of the view that inflation continues to remain sticky and labour market is still strong hence, it is better to be data dependent and not rush in to cutting rates.

Israel and Hamas have agreed a ceasefire to halt the 15-month war in Gaza and free the remaining hostages, raising hopes of an end to a devastating conflict that has shaken the Middle East and the world beyond. Over the weekend, three hostages made the painstaking journey from imprisonment in Gaza to freedom in their homeland. This hostage deal marked the beginning of a multiphase deal that offers a chance to end the brutal war in Gaza and the hope of freedom for dozens more hostages. Along with that President elect Trump, is also trying to make a deal with Russia to make truce with Ukraine in exchange of lower sanctions, which President Biden put earlier.

Looking at China’s economic number is also important, as that has also spurred some volatility in market. China report full year economic growth of 5% for 2024, meeting its official target and slightly exceeding expectations of 4.9%. Retail sales, grew by 3.5% on annual basis, along with industrial output, which rose 5.8% thanks to strong growth in manufacturing. However, authorities struggled with weak consumer sentiment; residential property prices slid across China, but new home prices rose in Shanghai. This mixed set of data supported an initial rally in industrial metal including silver. IMF also released their world economic forecast last week, wherein they have projected global growth at 3.3% in both 2025 and 2026, below the historical (2000–19) average of 3.7%. The forecast for 2025 is broadly unchanged from that in the October 2024 World Economic Outlook (WEO), primarily because of an upward revision in the United States offsetting downward revisions in other major economies.

**Outlook**

The new administration’s approach to governance in the US, especially concerning economic and fiscal policy, could create further uncertainty, which would likely benefit gold as a safe-haven asset. Additionally, the market is poised for a series of executive actions and major announcements early in the new administration, which could add to the volatility in financial markets. On data front, focus will be on preliminary manufacturing and Services PMI data from major economies.





Interest rate decision from BOJ is also scheduled later this week. With holiday shortened week and a light data calendar ahead, investors will closely monitor the political developments in Washington, which are likely to dominate market attention in the coming days. Both Gold and Silver is likely to trade with a sideways to higher bias for this week.

**Technical Outlook: -**

**Gold:**

In the previous week, gold prices rose by 600 rupees or by 0.77%, marking the fourth consecutive week of gains, with the broader trend remaining positive. Prices have recently broken out above the symmetric triangle, indicating further upside. Key resistance is now at ₹79,250 and support at ₹77,700. A breakout above ₹79,250 could trigger a rally toward ₹79,900 and ₹80,600, while the 50-day EMA at ₹77,100 provides dynamic support.

**Silver:**

Silver prices dropped by over ₹900 or 3.5% last week, breaking a three-week streak of gains. The metal's recent sluggish movement contrasts with gold's performance, suggesting a range-bound trend in the coming week. Key resistance levels are at ₹93,700 and ₹95,000, while immediate support, aligned with the 21-EMA, stands at ₹89,600. A sustained move above ₹93,800 could propel prices toward ₹95,600 and ₹96,800.





<b>Navneet Damani</b>	<b>Head Research- Currency and Commodities</b>	<a href="mailto:navneet.damani@motilaloswal.com">navneet.damani@motilaloswal.com</a>
<b>Manav Modi</b>	<b>Analyst- Precious Metals</b>	<a href="mailto:manav.modi@motilaloswal.com">manav.modi@motilaloswal.com</a>

**For any details contact:**

Commodities Advisory Desk - +91 22 3958 3600

[commoditiesresearch@motilaloswal.com](mailto:commoditiesresearch@motilaloswal.com)**Commodity Disclosure & Disclaimer:**

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**Grievance Redressal Cell:**

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	<a href="mailto:query@motilaloswal.com">query@motilaloswal.com</a>
Ms. Kumud Upadhyay	022 40548082	<a href="mailto:servicehead@motilaloswal.com">servicehead@motilaloswal.com</a>
Mr. Ajay Menon	022 40548083	<a href="mailto:am@motilaloswal.com">am@motilaloswal.com</a>

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