



Monday, January 27, 2025

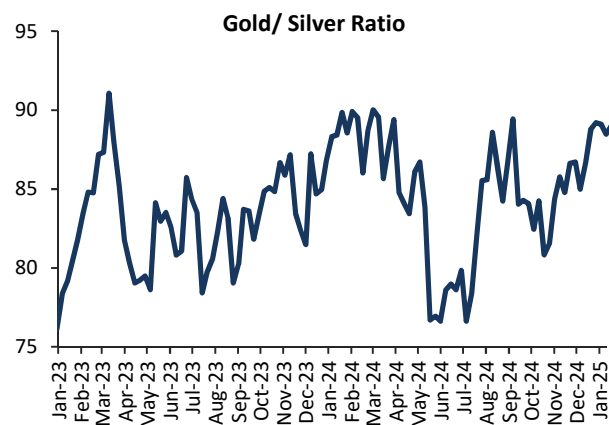
Overview

This week has seen gold prices steadily rise, with the metal poised to close around all-time high, surpassing Rs. 80,000 mark on domestic front. It is interesting to see that since last few weeks, silver has been following industrial metal than gold, resulting in higher volatility in the commodity. Despite a relatively quiet macroeconomic calendar, headline-driven market reporting took centre stage, driving gold trading trends throughout the week. In many cases, a week like this—especially one shortened by a holiday like Martin Luther King Jr. Day—would result in flat pricing for gold. However, with this being the first week of the new U.S. administration in Washington, there was no shortage of news affecting the market, leading to a consistent stream of buying interest that drove gold's spot price higher, bringing it closer to new all-time highs.

A key moment in driving gold's upward momentum came after President Trump spoke at the 2025 World Economic Forum in Davos. During his address, the President made a series of remarks that caught market attention and further fuelled gold's rally. He proposed a corporate tax rate of 15% on U.S.-made products, emphasizing the administration's "Make in America" push. This message, while focused on domestic economic policy, also hinted at potential shifts in trade dynamics that could influence gold prices. Additionally, Trump urged the Organization of the Petroleum Exporting Countries (OPEC) to lower oil prices, signalling the administration's intent to influence global energy markets. Another important development was Trump's positive dialogue with China's President Xi, which raised hopes of reducing the aggressive tariff policies that had characterized U.S.-China relations in recent years. These signs of de-escalation in

Exchange Contract	Gold Spot	COMEX	MCX
Open	2754	2760	79700
Close	2771	2777	80026
Change	17	33	1003
% Change	2.58%	1.20%	1.27%
Pivot	2770	2776	80013
Resistance	2787	2793	80325
Support	2754	2761	79713

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	30.44	30.95	91600
Close	30.61	31.06	91599
Change	0.16	0.11	-3
% Change	0.88%	0.11%	0.00%
Pivot	30.67	31.18	91879
Resistance	30.97	31.41	92358
Support	30.31	30.83	91120



Source: Reuters

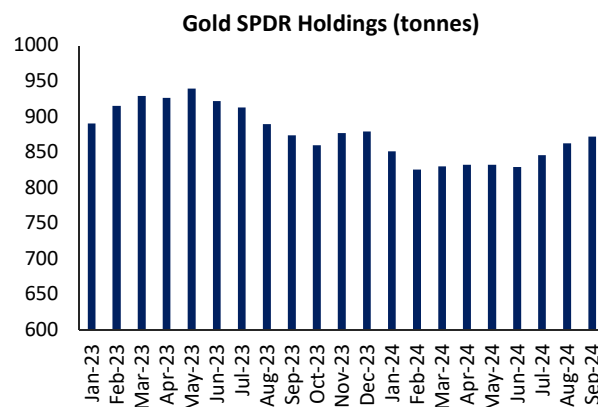
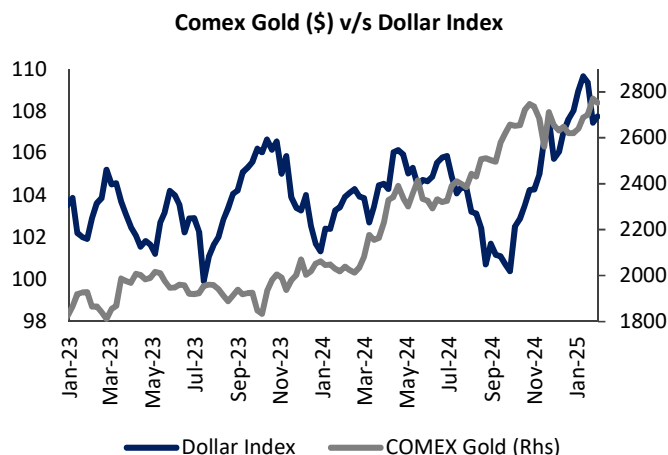


trade tensions contributed to the weaker U.S. dollar, which directly benefited gold. Lastly, President Trump called for *global interest rate cuts*, which further undermined the dollar and bolstered demand for gold as a safe-haven asset.

On geo-political front, momentum was slightly tempered by the lack of further updates regarding a potential ceasefire deal between Israel and Hamas. Last week, three hostages were released from Hamas, but since then, no new agreements or developments regarding the situation have been announced. The absence of a clear resolution or ceasefire deal left the markets without any additional driving force on this front, preventing a further boost to gold prices from geopolitical developments. President Trump also made strong comments regarding Russia's involvement in the Ukraine conflict. He stated that if Russia does not back out of the war, the U.S. would impose further sanctions on the country. These remarks added to the already heightened geopolitical tensions, which contributed to market uncertainty and supported gold's role as a safe-haven asset.

In addition to these developments in Washington, the Chinese gold market also showed signs of strength. December saw seasonal demand increase, although overall demand for the year finished below the 10-year average. The uptick in December is typical as the country prepares for the Lunar New Year, but the broader trend indicated weaker overall demand for 2024. That said, a positive signal for the Chinese gold market came toward the end of the month when the Shanghai-London price spread turned positive. This shift suggests a rise in demand, as Chinese buyers began paying a premium for gold over London prices, signaling renewed interest in the metal. Furthermore, the Chinese central bank has been adding gold to its reserves over the past 2-3 months, contributing to the growing optimism surrounding Chinese gold demand.

In this month, investment in gold witnessed an outflow of ~8 ton, holdings currently stand at ~864. COMEX gold speculators raised net long position by 21,864 contracts to 234,358 in the week to Jan. 21, CFTC data showed.



Source: Reuters



Outlook

Looking ahead, it is likely that news from Washington could continue to be a driving force in gold trading next week. However, impact of this news may be either amplified or mitigated by a more active macroeconomic reporting calendar. As we approach the end of January, the first month of 2025, there will be a more robust schedule of economic data releases. The most anticipated event will be the first Federal Open Market Committee (FOMC) meeting of the year, where the U.S. central bank is expected to make its decision on interest rates. Alongside this, we will also see the release of updated Personal Consumption Expenditures (PCE) inflation data, a key metric watched by the Federal Reserve, as well as the first estimate of U.S. GDP growth for the fourth quarter of 2024. On domestic front, GST Council meet and Union Budget will also be very important to keep an eye on. These economic reports will provide additional insights into the health of the economy and could play a significant role in shaping market expectations, potentially influencing prices.

Technical Outlook: -

Silver:

In the previous week, silver closed on a flat note, indicating a lack of strong directional momentum. The broader view suggests the price remains range-bound, with positivity expected only above ₹93,600. This week, a correction appears likely as prices are retreating from the upper boundary of a descending triangle. Key support levels to watch are ₹89,400, ₹88,000, and ₹87,000, while resistance is seen at ₹92,700 and ₹93,600.

Gold:

In the previous week, the Gold April contract rose by ₹670 or 0.84%, reflecting positive momentum. The broader view remains bullish as the price has broken out of a symmetric triangle. However, this week, a correction towards ₹78,600 is possible, which could present a good buying opportunity. Resistance levels to watch are ₹81,000, ₹81,800, and ₹82,800, while immediate supports are at ₹79,700 and ₹79,200.





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