Monday, June 23, 2025

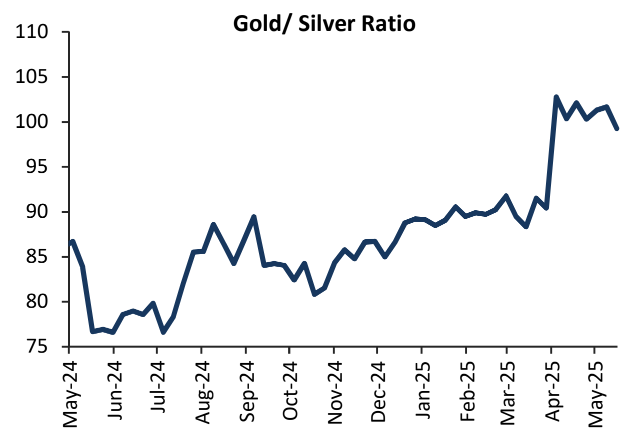
Overview

Gold prices remained volatile during the holiday-shortened week as a combination of geopolitical tensions, central bank policies, & economic indicators influenced market sentiment. Domestically, gold hovered near ₹1 lakh mark, reflecting its traditional role as safe-haven asset amid heightened uncertainty. On domestic front, silver markets experienced some profit booking after touching all-time highs in the previous week. Primary driver of this price movement was the escalating conflict between Israel and Iran. Continued exchange of missile attacks between two nations, resulting in rising civilian casualties, created an atmosphere of fear and instability. These developments pushed investors toward gold as a protective asset, especially with added concerns following U.S. President Trump's calls for evacuation from Tehran and his warning that further non-compliance by Iran on nuclear issues could worsen conflict.

Over the weekend, US escalated the situation by targeting several nuclear facilities within Iran. This aggressive stance by the U.S. significantly raised geopolitical risk premiums, further bolstering safe-haven demand across the commodity space. Speculation swirled around the possibility that Iran might retaliate by closing the strategic Strait of Hormuz, a critical chokepoint for global oil and gas shipments. Although such a move could have triggered a major surge in commodity prices, particularly oil and gold, Iran as of now has refrained from doing so. This absence of action limited the extent of the upside for gold and other commodities that would typically benefit from heightened supply-side risks.

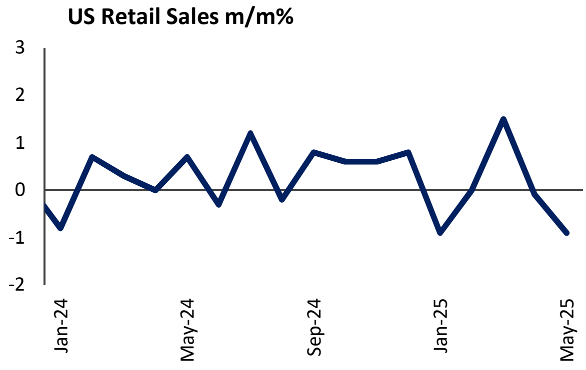
Exchange	Gold	COMEX	MCX
Contract	Spot		
Open	3370	3350	98847
Close	3368	3368	99109
Change	-2	-63	-1167
% Change	-1.87%	-1.84%	-1.16%
Pivot	3361	3361	98913
Resistance	3382	3380	99394
Support	3347	3348	98627

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	36.41	35.78	106501
Close	35.99	35.98	106224
Change	-0.42	0.20	-269
% Change	-0.83%	-0.84%	-0.25%
Pivot	35.97	35.84	105991
Resistance	36.45	35.91	106928
Support	35.51	35.91	105286



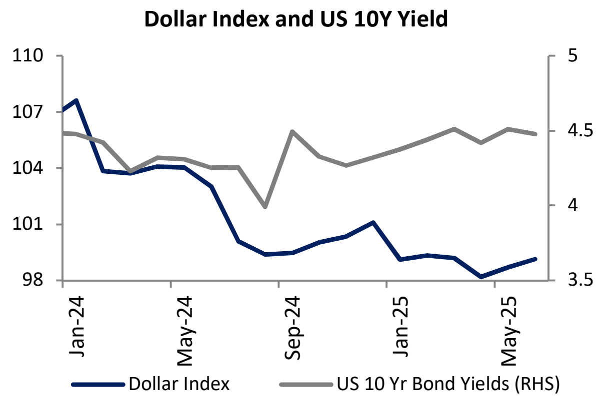
Source: Reuters

Despite the backdrop of geopolitical instability, the upward momentum in gold was restrained by a firm U.S. dollar. The greenback held steady against major crosses, just below psychologically important 100 mark, serving as a counterweight to gold’s gains. A stronger dollar tends to reduce demand for major commodities. The dollar’s strength was partly underpinned by investor caution surrounding the U.S. Federal Reserve's future policy trajectory. While the Fed left interest rates unchanged in its latest meeting, its forward guidance pointed toward a more cautious and gradual approach to rate cuts going forward.



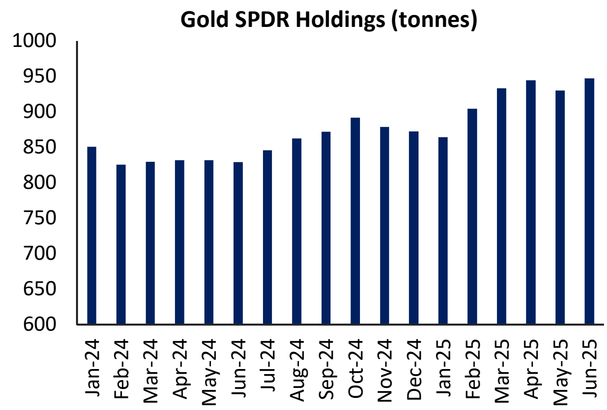
Source: Reuters

Federal Reserve Chair Jerome Powell's recent remarks further added to market hesitation. He emphasized a cautious stance on monetary easing, highlighting that unemployment remains stable and that inflation risks could resurface, especially as new tariff measures may place upward pressure on prices. This cautious tone dampened expectations of aggressive rate cuts, with markets now projecting a total of 50 bps of easing in 2025 and even less in the years following.



Source: Reuters

Economic data from the US added layers of complexity to the market’s outlook. While jobless claims came in lower than expected, suggesting resilience in the labor market, other data painted a less optimistic picture. Both retail sales and industrial production numbers came in weaker than anticipated, raising concerns about potential softness in the broader economy. This divergence in indicators has led to uncertainty about the pace and timing of any future policy actions by the Fed. Looking beyond the U.S., developments in China also had an impact on global commodity markets. The People's Bank of China opted to maintain its loan prime rates during the week, a move that added downward pressure on industrial metals. Given China's significant role as a consumer of industrial raw materials, any signs of tightening or lack of stimulus from Chinas can negatively influence market sentiment in base metals and related commodities.



A key area of focus going forward will be Iran’s stance on the Strait of Hormuz. While it has so far refrained from closing the waterway, any future decision to do so could dramatically alter the commodity market landscape. Such a move would not only affect crude oil and natural gas flows but also heighten inflationary pressures globally, pushing central banks to reconsider their policy priorities. For now, markets are in a wait-and-see mode, closely watching Iran’s next steps in response to U.S. military actions and international diplomatic developments.

Outlook:

Looking ahead, this week could continue to see heightened geopolitical tensions, cautious central bank communication, and mixed economic data. Several Fed officials are expected to speak this week, Governor Powell is all set to testify in front of Congress. Coming week's economic releases and geopolitical developments will likely play a decisive role in shaping market trends. Investors are now focused on preliminary Purchasing Managers' Index (PMI) readings from major economies, GDP data, consumer confidence reports, and the all-important PCE price index, which is the Fed's preferred measure of inflation. Gold could trade in a broad range while we maintain a buy on dips stance for Silver.

Technical Levels:

Gold:

MCX Gold ended the previous week with a decline of ₹1,167 or 1.16%, showing signs of consolidation after the recent breakout. The chart structure highlights a well-defined "Cup and Handle" pattern, with prices currently hovering just below the breakout zone. While momentum has slowed near the ₹1,00,000 mark, the price continues to hold above key moving averages, indicating underlying strength. For the week ahead, the broader view remains range-bound between the support zone of ₹97,500 (S1) and resistance at ₹1,01,200 (R1). A move beyond either level will likely set the tone for the next leg of the trend

Silver:

MCX Silver witnessed no major change in the previous week, with prices largely consolidating after touching fresh highs. While there was a slight correction from the peak, the overall structure remains bullish, as prices continue to hold above the breakout zone of the Cup and Handle formation. The long-term ascending channel remains intact, indicating that the broader trend is still positive. As long as prices sustain above the ₹1,02,000 mark (S2), the trend remains favourable for bulls. Hence, buying on dips near ₹1,02,000 remains the preferred strategy, with immediate resistance seen at ₹1,10,000 (R1) and further upside potential towards ₹1,12,000 (R2).

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