

## Daily Bullion Physical Market Report

Date: 12<sup>th</sup> July 2024

### Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	72751	72563
Gold	995	72460	72273
Gold	916	66640	66468
Gold	750	54563	54422
Gold	585	42559	42449
Silver	999	92205	92204

Rate as exclusive of GST as of 11<sup>th</sup> July 2024 Gold is Rs/10 Gm & Silver in Rs/Kg

### Gold and Silver 999 Watch

Date	GOLD*	SILVER*
11 <sup>th</sup> July 2024	72563	92204
10 <sup>th</sup> July 2024	72616	91793
09 <sup>th</sup> July 2024	72346	91847
08 <sup>th</sup> July 2024	72746	91733

The above rates are IBJA PM Rates; \*Rates are exclusive of GST

### COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	AUG 24	2421.90	42.20	1.77
Silver(\$/oz)	SEPT 24	31.67	0.66	2.12

### ETF Holdings as on Previous Close

ETFs	In Tonnes	Net Change
SPDR Gold	833.37	0.00
iShares Silver	13,549.48	-22.72

### Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	2383.55
Gold London PM Fix(\$/oz)	2409.20
Silver London Fix(\$/oz)	31.02

### Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	AUG 24	2420.2
Gold Quanto	AUG 24	73331
Silver(\$/oz)	SEPT 24	31.71

### Gold Ratio

Description	LTP
Gold Silver Ratio	76.47
Gold Crude Ratio	29.31

### Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	191948	13407	178541
Silver	50072	17600	32472

### MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	18739.11	199.23	1.06 %

### Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
12 <sup>th</sup> July 06:00 PM	United States	Core PPI m/m	0.2%	0.0%	High
12 <sup>th</sup> July 06:00 PM	United States	PPI m/m	0.1%	-0.2%	High
12 <sup>th</sup> July 07:30 PM	United States	Prelim UoM Consumer Sentiment	68.5	68.2	High
12 <sup>th</sup> July 07:30 PM	United States	Prelim UoM Inflation Expectations	-	3.0%	Medium

## Nirmal Bang Securities - Daily Bullion News and Summary

□ Gold jumped above \$2,400 an ounce on Thursday to close in on the record price set in May, after an unexpected drop in US consumer prices bolstered hopes that the Federal Reserve will soon start cutting interest rates. Gold climbed as much as 2.3% after Bureau of Labor Statistics data showed a 0.1% monthly decline in consumer prices, marking the first negative reading in more than four years. Another key core price gauge — which excludes food and energy — rose only 0.1%, further supporting the case for a September rate cut. Gold has surprised many observers this year by surging to records despite high interest rates and sticky inflation that pushed out expectations for a Fed pivot. Prices have been buoyed by strong buying by central banks, haven demand from investors amid geopolitical tensions, and purchases by Chinese consumers. Thursday's figures indicate inflation is now easing again after a flareup at the start of the year, while broader economic activity appears to be slowing. On Wednesday, Fed Chair Jerome Powell concluded a second day of testimony in Washington, where he said the central bank doesn't need inflation below 2% before cutting rates. High rates have been a headwind for gold as a non-interest-bearing asset.

□ Exchange-traded funds cut 39,937 troy ounces of gold from their holdings in the last trading session, bringing this year's net sales to 4.11 million ounces, according to data compiled by Bloomberg. The sales were equivalent to \$94.7 million at yesterday's spot price. Total gold held by ETFs fell 4.8 percent this year to 81.5 million ounces. Gold advanced 15 percent this year to \$2,371.26 an ounce and by 0.3 percent in the latest session. State Street's SPDR Gold Shares, the biggest precious-metals ETF, maintained its holdings in the last session. The fund's total of 26.8 million ounces has a market value of \$63.5 billion. ETFs also cut 468,860 troy ounces of silver from their holdings in the last trading session, bringing this year's net sales to 9.84 million ounces. This was the third straight day of declines.

□ Uganda plans domestic gold purchases to build foreign exchange reserves and limit risks on reserve investments, becoming the latest African nation to turn to the precious metal to back up its currency. The Bank of Uganda said it will directly purchase bullion from artisanal miners in a move that will also support government efforts to support local miners and reduce imports of raw gold. Uganda's move echoes a proposal by Nigerian lawmakers for the nation's central bank to buy all locally produced gold to shore up reserves and fight inflation. Zimbabwe in April went a step further and launched a brand-new ZiG currency — short for Zimbabwe Gold — backed by 2.5 tonnes of the precious metal, in its latest attempt to deliver a stable local unit. Ghana, Africa's second-largest bullion producer, previously told big miners to sell 20% of what they refine to the central bank. African nations are battling heavy debt levels and eye-watering interest rates as they seek to revive their economies following the Covid-19 pandemic and the rocketing inflation that ensued, exacerbated by the fallout from Russia's invasion of Ukraine. Uganda's economy has fared better than many of its peers, thanks to prompt monetary policy tightening that kept inflation in check and a deliberate decision not to defend the shilling when it came under pressure. Still, it's foreign exchange reserves have been hit by capital flight following anti-LGBTQ legislation that prompted the World Bank in August to halt new financing to the East African nation.

□ Federal Reserve Bank of Chicago President Austan Goolsbee described the latest inflation data as "excellent," adding the figures provided the evidence he's been waiting for to be confident the central bank is on a path to its 2% goal. Goolsbee declined to offer guidance on the timing of the first interest-rate cut. Still, he emphasized the importance of the deceleration in shelter inflation in recent months, calling it "profoundly encouraging." The Chicago Fed chief has been closely watching that category to determine when the central bank should lower borrowing costs. "The committee put out a statement saying, we would not anticipate cutting rates until we were more convinced we're on a path to 2%," Goolsbee said Thursday in a conversation with reporters. "My view is this is what the path to 2% looks like." Goolsbee's comments follow a report earlier Thursday that showed a key gauge of consumer prices rose in June at the slowest pace since August 2021. The slowdown was partly driven by a long-awaited cooling in housing costs, a component Goolsbee has said will be key to achieving the Fed's inflation goal. Following the data, which showed disinflation across a variety of categories, investors all but cemented bets the Fed would cut rates at their September meeting. Policymakers will meet July 30-31. Goolsbee, who will vote at the Fed's meeting later this month as an alternate member of the Federal Open Market Committee, emphasized by not adjusting rates the central bank is effectively tightening policy. "The reason to tighten in real terms would be if you thought the economy is overheating," he said. "This is not, in my view, what an overheating economy looks like." Two other policymakers also spoke following the latest consumer price index data. San Francisco Fed President Mary Daly said given recent data on employment and inflation, some adjustment to interest rates will likely be warranted — though she stopped short of offering a specific timeline for cuts. St. Louis Fed chief Alberto Musalem suggested he needed some more convincing to lower borrowing costs. Musalem said the CPI figures pointed to "encouraging further progress towards lower inflation," but he'd like more evidence of easing price pressures.

**Fundamental Outlook:** Gold and silver prices are trading slightly lower today on the international bourses. We expect gold and silver prices to trade ranger-bound to slightly higher for the day, as gold prices steadied after surging beyond \$2,400 an ounce in the previous session, as cooler-than-expected US inflation boosted bets the Federal Reserve will start cutting rates soon.

## Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	August	2360	2385	2410	2425	2450	2470
Silver – COMEX	September	30.90	31.15	31.40	31.55	31.85	32.00
Gold – MCX	August	72600	72850	73100	73350	73650	73900
Silver – MCX	September	92200	93000	93800	94600	95500	96200

## Nirmal Bang Securities - Daily Currency Market Update

### Dollar Index

LTP/Close	Change	% Change
104.44	-0.61	-0.58

### Bond Yield

10 YR Bonds	LTP	Change
United States	4.2101	-0.0740
Europe	2.4610	-0.0700
Japan	1.0900	0.0050
India	6.9830	0.0090

### Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.4386	0.0225
South Korea Won	1372.35	-11.6500
Russia Rubble	87.7097	-1.1404
Chinese Yuan	7.2579	-0.0181
Vietnam Dong	25427	8
Mexican Peso	17.7743	-0.0629

### NSE Currency Market Watch

Currency	LTP	Change
NDF	83.5900	0.0200
USDINR	83.6100	0.0600
JPYINR	51.7825	-0.0900
GBPINR	107.4425	0.4775
EURINR	90.6250	0.1825
USDJPY	161.1400	0.1000
GBPUSD	1.2875	0.0074
EURUSD	1.0860	0.0028

### Market Summary and News

□ Central bank reserve managers are increasingly worried about the safety of their currency assets, citing rising geopolitical risk across the world, according to a UBS Group AG survey. The so-called “weaponization” of FX reserves was listed as a top risk by a third of the participants, double last year’s amount. The biggest concern for 87% of 40 central banks surveyed by UBS was a further escalation in the tensions between Russia and Ukraine, China and the US, as well as the situation in the Middle East. The worry is that central bank assets could be sanctioned, seized or tapped if conflicts escalate. A plan outlined earlier this year to use profits from Russia’s frozen foreign-currency assets to help rebuild Ukraine has set a dangerous precedent that risks undermining the status of FX reserves as a country’s most liquid and secure store of wealth. These events “raise further the risk that FX reserves are no longer seen as a safe haven for central banks,” said Massimiliano Castelli, head of global sovereign markets at UBS Asset Management. He added gold might be “brought back to life by ongoing geopolitical trends.” That could spur a shift out of dollar-denominated assets, further challenging the greenback’s dominance. The average share of dollar holdings among central banks surveyed — which manage half of global FX reserves — was 55%, little changed from 56% a year ago. That share was 67% in 2021 and it has been gradually grinding lower. Meanwhile, a quarter of the respondents said they increased allocations to the euro, while 8% added to yen holdings.

□ Indian bonds fell after RBI Governor Shaktikanta Das said it was premature to talk about interest-rate cuts. The rupee ended the day steady. 10-year yields up 1bp to 6.98%; 5-year yield also up 1bp to 6.99%; “It’s too early to talk about interest rate cuts,” he said. “We are some distance away from our inflation target.” Inflation figures for June, due to be published Friday, will likely be close to 5%, exceeding the Reserve Bank of India’s target of 4%, Das said in an interview to CNBC-TV18 channel on Thursday. “Markets are waiting for the crucial US inflation data,” says Debendra Dash, a fixed-income trader at AU Small Finance Bank. “If inflation comes down, it could reinforce rate cut views in the market.” USD/INR steady at 83.5675. Bank of America joins Barclays and Morgan Stanley in expecting India to maintain its fiscal deficit target in the upcoming budget, with little change to government borrowings. “The budget will be the first signal of the new government’s policy platform and will be of particular interest due to the coalition nature of the government after a decade of effectively single-party rule,” Barclays analysts Shreya Sodhani and Amruta Ghare write in a note.

□ Foreign central bank usage of a key Federal Reserve facility rose to a fresh all-time high, indication policymakers worldwide keep building cash positions, and especially amid reports Japan may have intervened to bolster its currency. Monetary officials stashed a total \$399 billion at the Fed’s reverse repurchase agreement facility, according to data for the period through July 10, up from \$385 billion a week earlier, a \$13.7 billion increase. It surpassed the previous all-time high of \$390 billion in the week through June 26. The foreign reverse repo pool, like the domestic RRP, is a place where counterparties can park cash overnight with the Fed. Monetary authorities such as the Bank of Japan can keep a big chunk of funds there earning interest instead of in Treasury bills and other securities. And when they need to do something with those dollars, they can just withdraw it from the facility without ruffling markets. Elsewhere, central bank holdings of Treasury securities fell during the same period, with holdings totaling \$2.923 trillion from \$2.931 trillion, a roughly \$8 billion drop, data show. A separate cash account used by central banks was little changed at \$9.68 billion. The yen rapidly soared more than 2% against the dollar after a softer-than-expected reading of US inflation on Thursday, prompting speculation that Japan stepped into the market to support its currency. The nation’s top currency official, Masato Kanda, said he wasn’t in a position to say if the move was an intervention. He said that authorities would disclose an intervention at month-end if one occurred. The yen touched its weakest since 1986 just last week, fueling a new wave of jawboning from Japanese authorities about their willingness to act to bolster the currency if necessary. Japan has acknowledged it spent ¥9.8 trillion (\$61.3 billion) intervening in currency markets between April 26 and May 29. Although specific dates weren’t disclosed, trading patterns suggest major interventions occurred on April 29 and May 1. Data on foreign reserves suggest Japan sold Treasuries to fund these actions.

### Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR SPOT	83.4325	83.4850	83.5275	83.6225	83.6550	83.6975

**Nirmal Bang Securities - Bullion Technical Market Update**

**Gold Market Update**



Market View	
Open	72815
High	73333
Low	72730
Close	73311
Value Change	643
% Change	0.88
Spread Near-Next	410
Volume (Lots)	7493
Open Interest	12859
Change in OI (%)	4.34%

**Gold - Outlook for the Day**

**BUY GOLD AUG (MCX) AT 73100 SL 72850 TARGET 73400/73650**

**Silver Market Update**



Market View	
Open	93400
High	94590
Low	93150
Close	94190
Value Change	1358
% Change	1.46
Spread Near-Next	2668
Volume (Lots)	23441
Open Interest	24072
Change in OI (%)	3.16%

**Silver - Outlook for the Day**

**BUY SILVER SEPT (MCX) AT 93800 SL 93000 TARGET 94800/95500**

**Nirmal Bang Securities - Currency Technical Market Update**

**USDINR Market Update**



Market View	
Open	83.5400
High	83.6300
Low	83.5350
Close	83.6100
Value Change	0.0600
% Change	0.0718
Spread Near-Next	-0.2830
Volume (Lots)	139265
Open Interest	2481046
Change in OI (%)	0.49%

**USDINR - Outlook for the Day**

The USDINR future witnessed a gap-down opening at 83.54, which was followed by a session where price shows strong buying from lower level with candle closures near high. A long green candle formed by the USDINR price where price closed above short-term moving averages. The pair has trading in choppy range from last one month. On the daily chart, the MACD showed a positive crossover above zero-line, while the momentum indicator, RSI trailing between 49-53 levels showed positive indication. We are anticipating that the price of USDINR futures will fluctuate today between 83.55 and 83.65.

**Key Market Levels for the Day**

	S3	S2	S1	R1	R2	R3
USDINR JULY	83.4325	83.4850	83.5275	83.6225	83.6550	83.6975

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