

Daily Bullion Physical Market Report

Date: 06th March 2024

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	64404	64598
Gold	995	64146	64339
Gold	916	58994	59172
Gold	750	48303	48449
Gold	585	37676	37790
Silver	999	72038	72244

Rate as exclusive of GST as of 05th March 2024 Gold is Rs/10 Gm & Silver in Rs/Kg

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
05 th March 2024	64598	72244
04 th March 2024	63480	70777
01 st March 2024	62816	69898
29 th February 2024	62241	69312

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

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	APR 24	2141.90	15.60	0.73
Silver(\$/oz)	MAY 24	23.98	-0.01	-0.03

ETF Holdings as on Previous Close

ETFs	In Tonnes	Net Change
SPDR Gold	821.47	-2.30
iShares Silver	13,358.42	-46.63

Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	2126.25
Gold London PM Fix(\$/oz)	2134.40
Silver London Fix(\$/oz)	23.93

Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	APR. 24	2139.3
Gold Quanto	APR. 24	64865
Silver(\$/oz)	MAY. 24	23.91

Gold Ratio

Description	LTP
Gold Silver Ratio	89.31
Gold Crude Ratio	27.41

Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	115043	47001	68042
Silver	33099	37242	-4143

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	16449.04	60.65	0.37 %

Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
06 th March 06:45 PM	United States	ADP Non-Farm Employment Change	149K	107K	High
06 th March 08:30 PM	United States	Fed Chair Powell Testifies	-	-	High
06 th March 08:30 PM	United States	JOLTS Job Openings	8.80M	9.03M	High
06 th March 08:30 PM	United States	Final Wholesale Inventories m/m	-0.1%	-0.1%	Low
06 th March 10:30 PM	United States	FOMC Member Daly Speaks	-	-	Low

Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold touched an all-time high as fund buying combined with speculation over a Federal Reserve pivot and geopolitical and financial risks underpinned a rally in the precious metal. Bullion rose as much as 1.3% to \$2,141.79 an ounce before paring gains, with Tuesday's high topping the previous record of \$2,135.39 set three months ago. Gold has risen more than 4% since Thursday, fueled by expectations for monetary easing, geopolitical tensions and the risk of an equity markets pullback. While the timing of the Fed's pivot remains uncertain, signs that it is getting closer have supported gold since mid-February. Swaps markets show a 64% chance of a rate cut in June, a higher probability than early last month. Lower borrowing costs are typically positive for the precious metal, which doesn't offer any interest. Macro funds, which haven't been active in the gold market until recently, were a new force of buying in gold's rally. The latest CFTC data showed hedge fund and money managers boosted their net bullish gold bets as of Feb. 27 — although it's worth noting that this group of investors added short positions roughly in line with new long wagers, pointing to uncertainty in the market. Gold's recent gains has also highlighted an increasing disconnect between spot prices and outflows from bullion-backed exchange traded funds. Holdings in SPDR Gold Shares, the world's largest such ETF, fell by 0.3% on Monday, taking the total to the lowest level since July 2019, according to data compiled by Bloomberg. Those outflows have partly been offset by persistent central bank demand for the precious metal, which helped keep prices elevated even as real interest rates spiked last year. Physical demand from gold bars and coins also absorbed the gold that left ETFs. Bullion was also supported over the Lunar New Year, as Chinese consumers sought a hedge against turmoil the country's stock market and property sector.

❖ Exchange-traded funds cut 84,515 troy ounces of gold from their holdings in the last trading session, bringing this year's net sales to 3.24 million ounces, according to data compiled by Bloomberg. The sales were equivalent to \$178.7 million at yesterday's spot price. Total gold held by ETFs fell 3.8 percent this year to 82.3 million ounces, the lowest level since Dec. 20, 2019. Gold advanced 2.5 percent this year to \$2,114.48 an ounce and by 1.5 percent in the latest session. State Street's SPDR Gold Shares, the biggest precious-metals ETF, pared its holdings by 74,080 ounces in the last session. The fund's total of 26.4 million ounces has a market value of \$55.8 billion. ETFs also cut 832,019 troy ounces of silver from their holdings in the last trading session, bringing this year's net sales to 10 million ounces. This was the third straight day of declines.

❖ Gold's impressive rally to a fresh record high sets the stage for a much bigger advance. After the metal's first tryst with the psychological \$2,000 mark in August 2020, prices have been volatile within a broad range, unable to make upside headway. And then later Federal Reserve policy tightening further kept a lid on gold. That could be changing now as the US central bank is expected to cut interest rates at least thrice this year. Additionally, as history shows, the precious metal has mostly benefited when the rates regime has turned south. Add in the potential for geopolitical tensions flaring up again and everything points to an environment conducive for gold to catch an even bigger bid. Bullion seems to be aligning with the aforementioned macro tailwinds. The recent up-thrust has all the hallmarks of a true breakout after a long period of consolidation. Specifically the validation of a bullish cup-and-handle pattern projects to an upside of near \$2,500 an ounce. On the downside, \$1,800 is where the handle of this formation made its final trough -- a level to be closely watched for any potential failure to continue the advance.

❖ It will take the Federal Reserve almost a decade to beef up its holdings of T-bills to market-neutral levels to minimize disruptions to the Treasury market, according to Barclays Plc. That's assuming the Fed wants to gradually shift its portfolio composition of bills — historically about 23% — to match the average maturity of outstanding public debt, strategist Joseph Abate says. Right now, market participants are trying to determine the timing and pace of the Fed's eventual slowdown and conclusion of its balance-sheet unwind, a process known as quantitative tightening, or QT. Chair Jerome Powell said after the January interest-rate decision that officials will have an in-depth conversation about the program at this month's meeting. However, on Friday, Governor Christopher Waller said he'd like to see a shift in the System Open Market Account portfolio toward a larger share of T-bills to have flexibility the next time it needs to use its balance sheet for maturity extension programs, or MEP. Prior to the 2008 financial crisis, T-bills accounted for about one-third of the portfolio, he said, compared with about 3% currently. To reach a market-neutral level of 23% by 2033, Barclays assumes that the central bank returns to a Treasury-only portfolio with its holdings of mortgage-backed securities running off at a steady \$15 billion per-month — which would still leave a small amount of MBS on its balance sheet in 2035. In that scenario, the Fed would also buy coupons in secondary market, Abate wrote in a note to clients on Tuesday. A second scenario goes further and assumes the Fed invests all of its maturing paper into bills and buys short-dated government debt instead of coupons to accommodate reserve growth, which would result in its share of T-bills climbing to 23% by 2026, he said. "Such an 'all in bills' strategy is unlikely given the potential rate distortions it would create in coupons," Abate said. "That said, a strategy designed to gradually adjust the SOMA composition over nearly a decade is likely to have very little effect on market rates."

Fundamental Outlook: Gold and silver prices are trading lower today on the international bourses. We expect gold and silver prices to trade range-bound to slightly higher for the day, as gold prices are steadied after surging to a record high in the previous session, boosted by expectations for US rate cuts, geopolitical tensions and the risk of a pullback for equity markets.

Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	Apr	2070	2095	2115	2135	2155	2170
Silver – COMEX	May	23.40	23.60	23.80	23.90	24.10	24.30
Gold – MCX	Apr	64000	64300	64550	64850	65100	65350
Silver – MCX	May	71800	72400	73000	73700	74100	74650

Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
103.80	-0.03	-0.03

Bond Yield

10 YR Bonds	LTP	Change
United States	4.1525	-0.0605
Europe	2.3220	-0.0680
Japan	0.7070	-0.0120
India	7.0570	-0.0040

Emerging Market Currency

Currency	LTP	Change
Brazil Real	4.9583	0.0102
South Korea Won	1334.5	3.1500
Russia Rubble	90.8782	-0.5882
Chinese Yuan	7.1965	-0.0024
Vietnam Dong	24693	18
Mexican Peso	16.947	-0.0065

NSE Currency Market Watch

Currency	LTP	Change
NDF	82.99	-0.02
USDINR	82.9425	0.01
JPYINR	55.4125	-0.0025
GBPINR	105.2075	0.0675
EURINR	90.055	-0.0225
USDJPY	149.75	-0.26
GBPUSD	1.2674	0.0002
EURUSD	1.0863	0.0006

Market Summary and News

❖ The Indian rupee outperformed all its emerging market peers in the first two months of the year, setting the stage for a strong 2024 as the nation's inclusion in global bond indexes spur inflows. The rupee was broadly steady versus the dollar in the past two months, making it the sole developing-nation currency to avoid a decline as the greenback charged ahead during that period. The advance came as global funds pumped almost \$5 billion into Indian bonds to position for the nation's inclusion in global indexes in the coming months. India's currency is likely to appreciate to 81 per dollar by end-December from around 82.9 on Tuesday, according to Credit Agricole SA and TD Securities. The rupee is among the least volatile emerging-market currencies this year, with traders speculating that the central bank may have dipped into its \$619 billion foreign-exchange reserve stockpile to limit the swings. "Overall, we will likely see a mild appreciation of the rupee with volatility still remaining quite low," said Prashant Singh, senior portfolio manager for emerging-markets debt at Neuberger Berman in Singapore. "Some near-term rupee outperformance might be seen on the back of index-related flows." The median analyst forecast is for the rupee to appreciate to 82 per dollar by year-end, according to data compiled by Bloomberg.

❖ India's sovereign bond traders will watch the 340 billion rupee (\$4.1b) treasury bill sale on Wednesday to gauge demand for the short-tenor paper. The Reserve Bank of India plans to drain liquidity from the banking system through a reverse repo auction. The overnight variable rate reverse repo (VRRR) auction on Wednesday has a notified amount of INR1t. USD/INR little changed at 82.8950 on Tuesday. Implied opening from forwards suggest spot may start trading around 82.8783. 10-year yields little changed at 7.06% on Tuesday. Global Funds Buy Net 5.74B Rupees of Indian Stocks March 5: NSE. They sold 4.55 billion rupees of sovereign bonds under limits available to foreign investors, and added 880 million rupees of corporate debt. State-run banks sold 17.6 billion rupees of sovereign bonds on March 4: CCIL data. Foreign banks bought 12.9 billion rupees of bonds.

❖ The dollar fell after a report that the US service sector cooled in February, with the employment subcategory falling into contraction territory. The yen is stronger against its G-10 peers after Tokyo price growth topped the Bank of Japan's target in February. The Bloomberg Dollar Spot Index slipped 0.1%; risk reversals are now near parity. 10-year US Treasury yields are down 6.3 basis points at 4.15%. The Institute for Supply Management's composite gauge of services slipped 0.8 point to 52.6 last month. Fed Chair Powell's semiannual testimony before Congress is on Wednesday. JPMorgan global purchasing managers' index rises to 52.4 in February from 52.3 prior month; year ago 52.6. USD/JPY is down 0.3% at 150.10, paring a earlier 0.5% loss after the US ISM data. Risk reversals shift to 1.62% in favor of USD puts, most bearish since early January. Two-week options now capture the next BOJ meeting; implied volatility on the tenor rises to 8.77%, a near one-month high. GBP/USD jumps as much as 0.3% to a one-month high of 1.2735 amid stop-loss buying before settling at 1.2714. One-day volatility is 6% ahead of the UK government's budget announcement on Wednesday. EUR/USD rises 0.1% to 1.0863 after being lower earlier in the session. USD/CAD is little changed at 1.3576. One-day volatility is 6.2% ahead a Bank of Canada and US ADP data Wednesday. AUD/USD is steady at 0.6511 after a set of larger options roll off below 0.6500.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	82.7225	82.7875	82.8255	82.9075	82.9450	83.0075

Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update



Market View	
Open	64331
High	65140
Low	64331
Close	64845
Value Change	383
% Change	0.59
Spread Near-Next	453
Volume (Lots)	7937
Open Interest	16491
Change in OI (%)	3.17%

Gold - Outlook for the Day

BUY GOLD APR (MCX) AT 64550 SL 64300 TARGET 64850/65000

Silver Market Update



Market View	
Open	73358
High	74439
Low	73150
Close	73374
Value Change	-93
% Change	-0.13
Spread Near-Next	0
Volume (Lots)	19656
Open Interest	21974
Change in OI (%)	-0.82%

Silver - Outlook for the Day

BUY SILVER MAR (MCX) AT 73000 SL 72400 TARGET 73700/74100

Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update



Market View	
Open	82.9475
High	82.96
Low	82.915
Close	82.9425
Value Change	0.01
% Change	0.0121
Spread Near-Next	0.2903
Volume (Lots)	964067
Open Interest	2672966
Change in OI (%)	-1.35%

USDINR - Outlook for the Day

The USDINR future witnessed a flat opening at 82.94, which was followed by a session that showed minimal buying from lower level with candle closures near high. A doji candle formed by the USDINR price facing resistance of 10-days moving average placed at 82.96. The pair has trading in choppy range for last one week. On the daily chart, the MACD showed a negative crossover below the zero-line, while the momentum indicator, RSI has trailing between 35-42 levels. We are anticipating that the price of USDINR futures will fluctuate today between 82.90 and 82.98.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR March	82.8025	82.8575	82.9075	82.9975	83.0325	83.0875

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