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India Bullion and Jewellers Associations Ltd. Since 1919

India Bullion And Jewellers Association Ltd. Celebrating 103 Years 1919 - 2022

Daily Bullion Physical Market Report

Date: 10th October 2022

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	51908	51765
Gold	995	51700	51558
Gold	916	47548	47417
Gold	750	38931	38824
Gold	585	30366	30283
Silver	999	61154	60848

*Rate as exclusive of GST as of 07th October 2022 Gold is Rs/10 Gm & Silver in Rs/Kg

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
07th October 2022	51765	60848
06th October 2022	51838	60670
04th October 2022	51286	61034
03rd October 2022	50378	57317

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

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold($/oz)	DEC 22	1709.30	0.00	0.00
Silver($/oz)	DEC 22	20.26	0.12	0.56

ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	944.31	-2.03
iShares Silver	14,715.99	-77.36

Gold and Silver Fix

Description	LTP
Gold London AM Fix($/oz)	1711.50
Gold London PM Fix($/oz)	1696.15
Silver London Fix($/oz)	20.63

Bullion Futures DGCX

Description	Contract	LTP
Gold($/oz)	DEC. 22	1703.8
Gold Quanto	DEC. 22	51980
Silver($/oz)	DEC. 22	20.10

Gold Ratio

Description	LTP
Gold Silver Ratio	84.39
Gold Crude Ratio	18.45

Weekly CFTC Positions

	Long	Short	Net
Gold($/oz)	95180	90239	4941
Silver	38424	31265	7159

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	14478.66	-37.17	-0.26 %

Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
10th October 11:05 pm	United States	FOMC Member Brainard Speaks	-	-	Medium

Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold declined below $1,700 an ounce after US jobs data showed the labor market remains tight, keeping the Federal Reserve on a hawkish policy track. Nonfarm payrolls rose 263,000 last month, slightly higher than economists' estimates, while the unemployment rate declined. The dollar and Treasury yields climbed following the data release, putting pressure on gold, which fell as much as 1.3%. The data will put the Fed on course for another outsize interest-rate hike as it tries to cool the US labor market, which has helped drive inflation to the highest in decades. The central bank's relentless rate hikes have weighed on gold throughout the year, causing it to slide about 17% from a March-high. New York Fed President John Williams said interest rates need to rise to around 4.5% over time but the pace and ultimate peak of the tightening campaign will hinge on how the economy performs. "The timing of that and how high do we have to raise interest rates is going to depend on the data," Williams said Friday during a moderated discussion organized by SUNY Buffalo in western New York. "Right now the focus is getting inflation back down to 2%." Williams is vice chair of the rate-setting Federal Open Market Committee and a key member of Chair Jerome Powell's leadership team. Weaker data earlier in the week on US manufacturing and job openings fueled expectations that the Fed may slow its aggressive rate hikes, sparking gold's climb above $1,700. Fed officials have still been insistent inflation remains too high and they won't be deterred from tightening policy by volatility in the markets.

❖ The European Central Bank must continue raising rates "significantly" to fight record inflation, according to Bundesbank President Joachim Nagel. "If inflation is at 10%, but interest rates are only at 1.25%, then the need for action is clear to me," Nagel told Sueddeutsche Zeitung in an interview published Friday. "Interest rates must continue to rise -- and significantly." The ECB has raised borrowing costs by 125 basis points since officials started hiking rates in July, and another three-quarter point increase may be on the table at the Oct. 27 meeting. At the same time, the economic prospects for the region have grown dire, with a recession looking increasingly likely. The German economy probably started contracting last quarter, with the slump expected to intensify this quarter and continuing at the start of 2023, Nagel said. Still, it won't be a "deep downturn," and output next year may be flat or see a "slight drop," he said. The Bundesbank chief, who is among the more hawkish members of ECB Governing Council, expects German inflation to be at or above 6% next year. While outside forces initially drove inflation, "it's now affecting a large part of our basket of goods," Nagel said. "Therefore, we ourselves must be more persistent than inflation and act decisively" to prevent high prices from becoming entrenched, he said. "This requires sufficiently strong and fast reactions. The next meetings of the Governing Council must provide clear signals." Asked if ECB hikes may intensify a recession, Nagel said while rate increases may weigh on economic output in the short term, "high inflation is the biggest brake on growth."

❖ Federal Reserve Bank of New York President John Williams said interest rates need to rise to around 4.5% over time but the pace and ultimate peak of the tightening campaign will hinge on how the economy performs. "The timing of that and how high do we have to raise interest rates is going to depend on the data," Williams said Friday during a moderated discussion organized by SUNY Buffalo in western New York. "Right now the focus is getting inflation back down to 2% and doing that in a way that keeps the economy growing." Williams is vice chair of the rate-setting Federal Open Market Committee and a key member of Chair Jerome Powell's leadership team. His remarks follow a string of hawkish comments from other policymakers that have hardened bets that they will forge ahead with their aggressive tightening campaign to curb the hottest inflation in nearly 40 years. Fed officials are raising interest rates at the fastest clip since the 1980s as they aim to squash the hottest inflation in a generation. Policymakers are anticipated to raise their benchmark rate by 75 basis points in early November for a fourth straight meeting following data Friday showing unemployment unexpectedly returned to a historic low of 3.5%. That would bring the Fed's main rate to a range of 3.75% to 4%. Median projections from Fed officials show they expect rates to rise to 4.4% by the end of this year and 4.6% in 2023. The US central bank is hoping higher borrowing costs will cool spending and reduce demand for workers, in turn slowing the growth of prices and wages.

❖ The conventional wisdom with stock bulls is that prices will take off when the Federal Reserve wins its fight against inflation. But the end of surging consumer costs could unleash another round of bad news. A small chorus of researchers has for months warned of a potential hazard to earnings should the campaign to tamp down inflation succeed. Specifically, the squeeze on margins that could occur should an indicator known as corporate operating leverage suffer in an environment where sales flatten out. The indicator is a measure of the difference between a company's fixed and variable costs. It can turn negative in the wake of peak inflation when some of a company's costs remain high but isn't able to offset them by raising prices because demand has faltered. While earnings held up surprisingly well throughout the pandemic and powered a number of bear market rallies, a fall in operating leverage could prove to be the final hazard that brings stocks to their eventual lows, according to a team of Morgan Stanley strategists led by Mike Wilson. "Thinking about the areas of inflation that are likely to remain more resilient into next year (shelter, wages, certain services) and the areas that are likely to decelerate (goods) does not paint a constructive picture for S&P 500 margins, in our view," Wilson, one of Wall Street's biggest equity bears, wrote in a recent note to clients. Operating leverage, which his team measured by subtracting sales growth from earnings per share growth, is unlikely to stay positive in the coming quarters, according to his team. And while he's one of the many sell-side analysts voicing concerns of a margin contraction, consensus estimates are still positive for next year.

❖ Wave of selling sends November fed funds futures contract to session lows after strong September employment data lead swaps market to price in additional premium for Federal Reserve rate hikes. Volume in November fed funds futures reaches 118k, around 1.7x the 20-day average level up to 12:30pm New York time; a surge in activity occurred shortly after 11:30am when 26k traded in screens over a 3-minute period as contract dropped to day's low 96.23. The volume spike was the largest since the one around the last FOMC rate decision on Sept. 21 at 2pm. Fed-dated OIS rates have crept higher since then, with 73bp priced into the November Fed policy meeting up from 71bp at Thursday's close; a combined 128bp is priced in for the remaining two policy meetings this year vs. 123bp prior.

❖ Britain's finance minister Kwasi Kwarteng travels to Washington next week for the International Monetary Fund's annual meetings with relations in as parlous a state as they have been since the UK begged for a bail out in 1976. The chancellor of the exchequer will have to mount a defense of the annual £43 billion ($48 billion) stimulus package that triggered last month's rout in UK assets. The fund has questioned why Kwarteng would add fuel to an economy at the moment when the Bank of England is trying to ratchet back inflation from near a 40-year high. The meeting will be a focal point for grumbling that the UK economy, once a bastion of fiscal prudence, is now destabilizing global markets. The British experience in suggesting large unfunded tax cuts also will be held up as a model of what other countries should avoid in a period when markets are on edge. "The UK fallout is also a reminder that authorities should not forget global spillovers and spill-backs, and whether they collectively might be overdoing it," said Mark Sobel, a former US Treasury Department official who is now the US chair of the Official Monetary and Financial Institutions Forum. The fund's warnings about the risks of their policy offer an uncomfortable reminder for UK Prime Minister Liz Truss and Kwarteng about the IMF bailout for Britain almost half a century ago. They maintain they're willing to upset the economic "orthodoxy" to deliver a jolt of growth to the UK economy, which is lagging its peers in the Group of Seven nations, but have struggled to convince investors to support the agenda. For the IMF and the US, the turmoil in Britain is an unwelcome diversion from their efforts to control spiraling energy prices and fallout from Russia's attack on Ukraine.

❖ **Fundamental Outlook:** Gold and silver prices are trading lower on international bourses. We expect precious metals prices on Indian bourses to trade slightly lower for the day. We recommend sell on rise in gold and silver in intra-day trading sessions as gold steadied in Asia after plunging below the $1,700 an ounce mark last week, as strong US jobs data intensified concerns that the Federal Reserve will be more aggressive with interest-rate hikes.

Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	December	1655	1675	1699	1715	1735	1750
Silver – COMEX	December	19.50	19.85	20.15	20.35	20.60	20.95
Gold – MCX	October	51350	51600	51800	52000	52170	52400
Silver – MCX	December	58800	59400	60200	60800	61400	62000

Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
112.80	1.05	0.94

Bond Yield

10 YR Bonds	LTP	Change
United States	3.8814	0.0578
Europe	2.1910	0.1090
Japan	0.2520	-0.0020
India	7.4550	0.0030

Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.2034	-0.019
South Korea Won	1412.8	10.1500
Russia Rubble	62.175	0.2753
Chinese Yuan	7.116	-0.0089
Vietnam Dong	23882	34
Mexican Peso	20.0405	-0.0825

NSE Currency Market Watch

Currency	LTP	Change
NDF	83.21	0.55
USDINR	82.405	0.075
JPYINR	57.005	-0.02
GBPINR	92.32	-0.4325
EURINR	80.8525	-0.5975
USDJPY	144.57	0.19
GBPUSD	1.1205	-0.0068
EURUSD	0.9811	-0.0086

Market Summary and News

❖ The yen is once more weakening toward levels that triggered direct market intervention last month, as traders test authorities' tolerance for a depreciating currency. The Japanese currency reached 145.14 per dollar in Tokyo trading Friday and was set for an eighth straight week of declines. It hit 145.90 per dollar on Sept. 22, triggering intervention from Japan that led to a near-4% intraday rally in the yen. The effect of that intervention has almost vanished as the Bank of Japan continues with its accommodative monetary policy stance while peers like the Federal Reserve hike and ramp up hawkish rhetoric. An extended period of yen weakness beyond 145 could fan speculation that the ministry will tolerate a gradual decline in the currency especially as Japan's foreign-exchange reserves have fallen. While it appears that the MOF wants to avoid a sustained break through 145 for now, the significance of this level will diminish fairly quickly Markets were preparing for further volatility Friday, which sees a key catalyst for financial market direction with the much-anticipated release of US labor market data for September. Further raising the chances of outsized price swings is the fact that Monday is a holiday in both the US and Japan, which will likely impact liquidity. The yen could test upper half of 145 levels if the US jobs data cement speculation of a 75 basis point Fed rate hike. No matter how much the finance ministry spends, an intervention can not stop yen weakness totally but can only cause a temporary shock yen rally. Japan's foreign-exchange reserves fell to $1.24 trillion at the end of September from $1.29 trillion a month earlier with holdings of foreign securities down by $55 billion, according to the Ministry of Finance. "The fall in Japan's foreign reserves in September was the largest on record," Finance Minister Shunichi Suzuki told reporters in Tokyo. "Reasons behind the decline include a decrease in securities value as yields rose, as well as Japan's selling of foreign currencies for intervention." Suzuki reiterated on Oct. 3 that the nation will take action against excessive one-sided moves in the foreign-exchange market if necessary. The Ministry of Finance said last week that it spent 2.84 trillion yen ($19.6 billion) in September to limit the yen's losses.

❖ The account of the European Central Bank's meeting on Sept. 7-8 is consistent with another 75-basis-point hike at the Oct. 27 meeting. In addition, the minutes suggest a super-sized 100-basis-point move is almost certainly out of the question. The debate at the meeting, which resulted in a 75-bp increase, was between a move of that size or 50 bps. No one seems to have pushed for anything larger and a change of 25 bps was "seen as clearly insufficient." Financial markets are currently fully pricing in a 50-bp move for the October meeting and an 80% chance of 75-bp increase.

❖ The US labor market stayed strong in September as the unemployment rate unexpectedly returned to an historic low, leaving the inflation-phobic Federal Reserve on course to deliver yet another aggressive interest-rate hike. Nonfarm payrolls increased 263,000 in September after a 315,000 gain in August, a Labor Department report showed Friday. The unemployment rate dropped to 3.5%, matching a five-decade low. Average hourly earnings rose firmly. The median estimates in a Bloomberg survey of economists called for a 255,000 advance in payrolls and for the unemployment rate to hold at 3.7%. Hiring was relatively broad based, led by gains in leisure and hospitality and health care. Meanwhile, employment in transportation and warehousing and financial activities declined. The figures are the latest illustration of the perennial strength of the US job market. While there have been some indications of moderating labor demand -- most notably a recent decline in job openings and an uptick in layoffs in some sectors -- employers, many still short-staffed, continue to hire at a solid pace. That strength is not only underpinning consumer spending but also fueling wage growth as businesses compete for a limited pool of workers. The Fed, meanwhile, is hoping to see a significant softening in labor market conditions, with the goal of cooling wage growth and ultimately inflation. While the payrolls advance was the smallest since April 2021, policy makers are watching to see if their rate hikes spur an increase in the unemployment rate.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	81.7000	81.8800	82.0000	82.3800	82.5200	82.6800

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Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update

Market View	
Open	51904
High	52120
Low	51637
Close	51960
Value Change	-12
% Change	-0.02
Spread Near-Next	341
Volume (Lots)	7675
Open Interest	18741
Change in OI (%)	-2.02%

Gold - Outlook for the Day

Gold Comex - We may see some profit takings in the coming sessions; so recommending to buy in dips in gold. Try to buy around $1670-65 zone for the target of $ 1700.

SELL GOLD DEC (MCX) AT 52000 SL 52170 TARGET 51750/51600

Silver Market Update

Market View	
Open	61450
High	61940
Low	60327
Close	60785
Value Change	-561
% Change	-0.91
Spread Near-Next	-785
Volume (Lots)	21767
Open Interest	12249
Change in OI (%)	8.73%

Silver - Outlook for the Day

Silver too looks to witness profit takings; so we are recommending going long at dips around $ 19.70-60 for the target of $ 20.20-20.30.

SELL SILVER DEC (MCX) AT 61000 SL 61600 TARGET 60000/59400

Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update

Market View	
Open	82.3825
High	82.5825
Low	82.3175
Close	82.405
Value Change	0.075
% Change	0.09
Spread Near-Next	0
Volume (Lots)	3918025
Open Interest	4781862
Change in OI (%)	4.88%

USDINR - Outlook for the Day

USDINR witnessed a positive open at 82.38 followed by a lackluster momentum with flat closure in green. USDINR has formed a flat green candle which is accompanied by an upper shadow indicating resistance at higher levels. The pair has given closure above the short, medium and long term SMA on the daily chart. USDINR, if trades below 82.30, pair will head towards 82 – 81.80. Whereas, momentum above 82.45; will lead the pair to test the highs of 82.65 – 82.85. The daily strength indicator RSI and momentum oscillator Stochastic both are in positive zone but still is below their signal line indicating lack of strength in the momentum.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR September	81.8000	82.0000	82.2000	82.5000	82.7000	82.9500

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