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Indian Bullion and Jewellers Associations Ltd.

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Daily Bullion Physical Market Report

Date: 11th May 2022

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	51486	51496
Gold	995	51280	51290
Gold	916	47161	47170
Gold	750	38615	38622
Gold	585	30119	30125
Silver	999	61967	61473

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

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
10th May 2022	51496	61473
09th May 2022	51479	61361
06th May 2022	51692	62530
05th May 2022	51787	63331

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

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	JUNE 22	1841.00	-17.60	-0.95
Silver(\$/oz)	JULY 22	21.42	-0.40	-1.81

ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	1,068.65	-7.25
iShares Silver	17,914.90	0.00

Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	1862.25
Gold London PM Fix(\$/oz)	1857.35
Silver London Fix(\$/oz)	21.87

Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	JUNE 22	1838.6
Gold Quanto	JUNE 22	50606
Silver(\$/oz)	JULY 22	21.32

Gold Ratio

Gold Silver Ratio	85.93
Gold Crude Ratio	18.45

Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	144193	61257	82936
Silver	40664	25403	15261

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	14468.32	-133.23	-0.92%

Weekly CFTC Positions

Time	Country	Event	Forecast	Previous	Impact
11th May 01:30PM	Europe	ECB President Lagarde Speaks	-	-	MEDIUM
11th May 06:00PM	United States	CPI m/m	0.2%	1.2%	HIGH
11th May 06:00PM	United States	Core CPI m/m	0.4%	0.3%	HIGH



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Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold fell as the dollar inched up ahead of a raft of inflation data due in the coming days. Silver slipped to the lowest since July 2020. Stocks bounced back after a selloff that erased \$9 trillion from the US equity market this year. The higher dollar hurts bullion's appeal as a haven. The precious metal has been under pressure as the Federal Reserve and other central banks tighten monetary policy to fight accelerating consumer inflation. That helped push bond yields higher and fueled a run of five weekly gains in the dollar, making non-interest bearing gold less attractive.

❖ Exchange-traded funds cut 180,751 troy ounces of gold from their holdings in the last trading session, bringing this year's net purchases to 8.24 million ounces, according to data compiled by Bloomberg. This was the biggest one-day decrease since Dec. 3, 2021 and the third straight day of declines. The sales were equivalent to \$335.1 million at yesterday's spot price. State Street's SPDR Gold Shares, the biggest precious-metals ETF, pared its holdings by 195,890 ounces in the last session. The fund's total of 34.6 million ounces has a market value of \$64.1 billion. ETFs also cut 447,433 troy ounces of silver from their holdings in the last trading session, bringing this year's net purchases to 16.1 million ounces.

❖ Gold holdings in London vaults were valued at \$594.3b at the end of April, London Bullion Market Association said Tuesday. Volume of silver in vaults fall 2.4% m/m to 33,646 tons. Data represents the holdings of 6 custodians which are members of the LBMA, as well as the Bank of England for gold.

❖ The Perth Mint sold 80,941 oz of gold and 2,119,491 oz of silver in minted product form during April, according to a website statement. The Perth Mint depository saw marginal increases in both gold and silver holdings.

❖ Federal Reserve officials reinforced Chair Jerome Powell's message that half-point interest-rate increases are on the table in June and July, but a larger move of 75 basis points could be warranted later in the year. "We don't rule out 75 forever," Cleveland Fed President Loretta Mester said in an interview Tuesday on Bloomberg Television with Michael McKee. "When we get to that point in the second half of the year, if we don't have inflation moving down we may have to speed up." Stocks retreated on her remarks to Bloomberg, with the S&P 500 erasing its advance after climbing almost 2%. The Fed raised rates by a half point last week, marking the largest single hike since 2000, and Powell said similar moves were on the table for the next two meetings. Officials also announced they would start shrinking their \$9 trillion balance sheet from June 1 at a pace that will step up quickly to \$95 billion a month.

❖ The European Central Bank should begin lifting interest rates from record lows in July if new forecasts next month continue to point to a strong inflation outlook, according to Governing Council member Joachim Nagel. "As inflation in the euro area continues to run high, we need to act," Nagel said Tuesday in a speech in Eltville, Germany. He sees net bond purchases being halted at the end of June, and "will advocate a first step normalizing ECB interest rates in July." The Bundesbank chief said the risk of acting too late "is increasing notably," urging central bankers not to cling to old narratives on inflation as the global economic backdrop shifts. Like several of his colleagues recently, he argued that a return to the price dynamics seen before Russia invaded Ukraine is unlikely. As the euro zone faces record inflation -- driven partly by the war but also by pandemic-related supply constraints -- ECB officials are increasingly coalescing around a rate hike in July. While Nagel's remarks are in line with his hawkish stance, even colleagues who're typically more dovish -- like Finland's Olli Rehn -- back such a move.

❖ **Fundamental Outlook:** Gold and silver prices are trading lower today on international bourses. We expect precious metals prices on Indian bourses to trade slightly lower for the day. We recommend sell on rise in intra-day trading sessions in precious metals as a rally in the dollar damaged its appeal as a haven asset ahead of closely-watched US inflation data.

Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	June	1790	1820	1840	1870	1888	1910
Silver – COMEX	July	21.00	21.22	21.40	21.88	22.10	22.40
Gold – MCX	June	50000	50200	50500	50800	51050	51250
Silver – MCX	July	58800	59400	60000	60600	61200	61700

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Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
103.92	0.27	0.26

Bond Yield

10 YR Bonds	LTP	Change
United States	2.9908	-0.0430
Europe	0.9980	-0.0950
Japan	0.2470	-0.0010
India	7.3010	-0.1670

Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.1339	-0.0269
South Korea Won	1276.1	2.4500
Russia Rubble	118.6895	-
Chinese Yuan	6.7347	0.0039
Vietnam Dong	22947	-5
Mexican Peso	20.3912	-0.0056

NSE Currency Market Watch

Currency	LTP	Change
NDF	77.54	-0.03
USDINR	77.4475	-0.2175
JPYINR	59.665	0.365
GBPINR	95.6625	-0.1925
EURINR	81.8225	-0.0775
USDJPY	129.82	-1.2
GBPUSD	1.235	0.0005
EURUSD	1.0564	0.0015

Market Summary and News

❖ The Reserve Bank of India appears to have fueled the rupee's tumble. The U.S. currency's safe-haven surge has clipped the value of its non-dollar FX reserves and it snapped up FX assets since early April to keep its holdings near the \$600 billion threshold, according to our estimates. The RBI likely bought \$2.3 billion of FX assets in the week ended April 29, bringing its total purchases since the week ended April 1 to \$6.7 billion, according to our weekly FX intervention estimates. The rupee dropped as much as 0.8% to an unprecedented 77.53 a dollar on Monday, as foreigners continue to pull money from Indian stocks. The rupee tumbled amid thin liquidity in the morning with trading activity subdued in the first half. Surging inflation and the prospect of aggressive monetary tightening is roiling emerging markets, and a surprise rate hike by India's central bank last week hasn't been able to stem the currency's decline. The central bank has sufficient reserves, they could sell another \$50 billion also, but they may prefer to keep those reserves for bad times. The rupee's sharp slide is unfounded because India's exports are robust and growth recovery is on track. That gives the RBI confidence that levels seen before the latest plunge are in line with fundamentals.

❖ The RBI intervened in the spot, forwards and non-deliverable forwards market on Monday. There is a very minor possibility that the RBI can sustain its current strategy for long. Buying foreign currencies is likely to weaken the rupee further exacerbating capital outflows and ultimately risk running down its foreign exchange reserves. The RBI can either protect its FX reserves or the rupee, not both. In fact, RBI sold FX in both the onshore and offshore markets on Monday in defense of the rupee. The RBI's FX reserves dropped to \$597.7 billion in the week to April 29, falling below \$600 billion for the first time since June 2021. Its FX reserves have dropped by \$8.8 billion since the week ended April 1, despite its purchases of foreign currency assets.

❖ The valuation impact of the dollars has driven down the headline value of its reserves by \$13.6 billion since the week ended April 1. That reversed a stance of selling FX reserves to counter downward pressures on the rupee generated by dollar strength and persistent capital outflows. The RBI sees pressure on the rupee from a weaker Yuan and stronger dollar, rather than domestic reasons, the person said. The rupee also fell as interest from foreign investors in the initial public offer of Life Insurance Corporation of India wasn't as strong as expected. These developments are clearly negative for the rupee. Assuming crude oil averages \$105 per barrel in the fiscal year through March 2023 and the RBI sells FX to make up for any deficit in the balance of payments, our model estimated in early March that the rupee will weaken to 78 against the dollar by end April 2022 from an estimated level of 77 at end-March 2022 and thus there could be further weakness for the rupee.

❖ The Federal Reserve warned of deteriorating liquidity conditions across key financial markets amid rising risks from the war in Ukraine, monetary tightening and high inflation in a semi-annual report published Monday. "According to some measures, market liquidity has declined since late 2021 in the markets for recently-issued U.S. cash Treasury securities and for equity index futures. While the recent deterioration in liquidity has not been as extreme as in some past episodes, the risk of a sudden significant deterioration appears higher than normal. In addition, since the Russian invasion of Ukraine, liquidity has been somewhat strained at times in oil futures markets, while markets for some other affected commodities have been subject to notable dysfunction," the U.S. central bank said in its Financial Stability Report. Elevated inflation and rising rates in the United States could negatively affect domestic economic activity, asset prices, credit quality, and financial conditions more generally. The report also called out U.S. house prices, which could be particularly sensitive to shocks given high valuations.

❖ The outlook for the U.K. economy accompanying the BOE rate hike is piling further pressure on the pound. Sterling dropped to a year-to-date low against the euro as double-digit inflation and a contraction in the economy were forecast. While the euro is also weakening today, as ECB policy makers warn of stagflation risks, the pound outlook is just more awful right now. The weakness in both has moved the dollar back close to pre-Fed levels. Is it inevitable that Europe will have a hard landing and how would that affect assets? Europe and the conflict in Ukraine is the theme of this week's MLIV Pulse survey.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	76.5500	76.8000	77.0000	77.2500	77.3800	77.5200



Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update



Market View	
Open	50971
High	51118
Low	50511
Close	50586
Value Change	-373
% Change	-0.73
Spread Near-Next	315
Volume (Lots)	6388
Open Interest	8419
Change in OI (%)	-2.45%

Gold - Outlook for the Day

Gold prices trading negative and will face strong resistance around 1870-90 zone; where we can go short for the target of 1830-1820.

SELL GOLD JUNE (MCX) AT 50800 SL 51100 TARGET 50400/50200

Silver Market Update



Market View	
Open	61793
High	61999
Low	60390
Close	60618
Value Change	-879
% Change	-1.43
Spread Near-Next	0
Volume (Lots)	14811
Open Interest	16335
Change in OI (%)	1.14%

Silver - Outlook for the Day

Silver too can see some correction till 21.20-21. We are recommending buying on dips for target 22.00 for the day.

BUY SILVER JULY (MCX) AT 60000 SL 59400 TARGET 60800/61200



Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update



Market View	
Open	77.5475
High	77.5975
Low	77.34
Close	77.4475
Value Change	-0.2175
% Change	-0.28
Spread Near-Next	0
Volume (Lots)	3407677
Open Interest	4365020
Change in OI (%)	0.37%

USDINR - Outlook for the Day

USDINR witnessed a weak open at 77.54 followed by a session in red marking the low at 77.34 with closure near the same. USDINR has formed a red candle with sideways closure indicating profit taking action. The pair has given closure above short. Medium and longer term moving averages are supporting the green momentum. USDINR, if trades below 77.45, the momentum will trade on a weaker note towards 77 – 76.75. But momentum above 77.52 would lead momentum towards 77.95. The daily strength indicator RSI and momentum oscillator Stochastic both are in the positive zone indicating supportive for the pair.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR May	76.8800	77.0500	77.2500	77.6800	77.8800	78.0000



Nirmal Bang Securities – Commodity Research Team

Name	Designation	Email
Kunal Shah	Head of Research	kunal.shah@nirmalbang.com
Devidas Rajadhikary	AVP Commodity Research	devidas.rajadhikary@nirmalbang.com
Harshal Mehta	AVP Commodity Research	harshal.mehta@nirmalbang.com
Ravi D'souza	Sr. Research Analyst	ravi.dsouza@nirmalbang.com
Smit Bhayani	Research Associate	smit.bhayani@nirmalbang.com
Riya Singh	Currency Research Analyst	riya.singh@nirmalbang.com

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