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India Bullion and Jewellers Associations Ltd. Since 1919

Daily Bullion Physical Market Report

Date: 16th June 2022

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	50619	50954
Gold	995	50416	50750
Gold	916	46367	46674
Gold	750	37964	38216
Gold	585	29612	29808
Silver	999	60193	60750

*Rate as exclusive of GST as of 15th June 2022 Gold is Rs/10 Gm & Silver in Rs/Kg

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
15th June 2022	50954	60750
14th June 2022	50647	60881
13th June 2022	51435	60912
10th June 2022	50935	60881

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

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold($/oz)	AUG 22	1819.60	6.10	0.34
Silver($/oz)	SEPT 22	21.50	0.46	2.19

ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	1,063.94	0.00
iShares Silver	16,932.70	0.00

Gold and Silver Fix

Description	LTP
Gold London AM Fix($/oz)	1823.15
Gold London PM Fix($/oz)	1823.75
Silver London Fix($/oz)	21.46

Bullion Futures DGCX

Description	Contract	LTP
Gold($/oz)	August 22	1835.8
Gold Quanto	August 22	50458
Silver($/oz)	JULY 22	21.71

Gold Ratio

Description	LTP
Gold Silver Ratio	84.62
Gold Crude Ratio	15.78

Weekly CFTC Positions

	Long	Short	Net
Gold($/oz)	128491	58723	69768
Silver	41214	33594	7620

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	14287.25	77.35	0.54%

Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
16th June 04:30PM	United Kingdom	Official Bank Rate	1.25 %	1.00 %	High
16th June 06:00PM	United States	Philly Fed Manufacturing Index	5.1	2.6	Medium
16th June 06:00PM	United States	Unemployment Claims	215 K	229 K	Medium
16th June 06:00PM	United States	Building Permits	1.78 M	1.82 M	Low
16th June 06:00PM	United States	Housing Starts	1.70 M	1.72 M	Low

Nirmal Bang Securities - Daily Bullion News and Summary

❖ Spot gold extended gains after Federal Reserve Chairman Jerome Powell reassured markets after the agency's 75-basis-point rate hike decision, which was the largest increase since 1994. "We're strongly committed to returning inflation to our 2% objective" while the labor market remains strong, Powell said. "There is a path for us to get there." Bullion climbed as much as 1.9%, the largest intraday jump in three months, while the dollar and treasury yields tumbled on Powell's comments that the Fed is adamant in adapting policy to combat stubbornly high inflation. The most recent Fed meeting minutes removed a line from May's statement about using appropriate monetary policy to bring down inflation. Powell attributes the removal of the sentence to a more challenging environment due to the Ukraine war and supply-chain issues.

❖ The European Central Bank's Governing Council held an emergency meeting today to discuss market developments, and in particular the widening of sovereign spreads. The gathering took place less than one week after a regular monetary policy meeting where it failed to address the financial fragmentation risk posed by its upcoming tightening cycle. The very unusual step to meet outside of their regular meeting cycle is an encouraging sign that the ECB finally takes the situation seriously. Unfortunately, the announcement was light on details. In a nutshell, it confirmed that it will use pandemic emergency purchase programmed (PEPP) reinvestments, averaging roughly €10bn/month over the coming year, to lean against spread widening. More importantly, it also confirmed that internal committees are working on an additional instrument. PEPP reinvestments alone are insufficient to cap sovereign spread widening in a global monetary tightening cycle. In that respect, the fact that the ECB acted today ahead of a likely 75bp Fed hike is good news. Details on this new facility are still unknown but the mere fact that one is in the works is encouraging news to peripheral bond holders, and will likely slow the selling flow. The rise in sovereign spreads in the past week was one of the reasons why the euro blatantly failed to benefit from the ECB's hawkish tone and openness to a 50bp September hike. In this sense, the new anti-fragmentation tools by the ECB successfully are probably good news for the euro should they successfully keep spreads checked as the ECB tightens policy. However, the risks to the EUR outlook are not limited to sovereign spreads EUR is down today despite tightening spreads as the worsening economic outlook in the euro zone may generate a widening growth differential with the US that may negatively impact equity flows into the region. Incidentally, EUR/USD may continue to see limited upside potential on the back of dollar strength, which is being fuelled by aggressive Fed tightening, global economic woes and turbulent equity markets. Overall, the positive impact on spreads from the announcement of new tools does not change our view that EUR/USD will stay anchored around 1.0500 during the summer months.

❖ It's too soon to call an end to America's worst bond-market collapse in at least half a century. Treasuries resumed losses in Asia on Thursday, the day after Federal Reserve Chair Jerome Powell sought to soften the blow of the bank's largest rate hike since 1994 by saying he didn't expect moves of that size to become the norm going forward. Some signs suggest the market is yet to face its biggest challenge. Powell said it's too soon to declare victory over inflation that's surged to a four-decade high -- or even see much evidence of an economic slowdown that would contain it. And policy makers boosted expectations for where the Fed's benchmark rate will end next year to a median of 3.8% from 2.8% previously. Five predicted it would exceed 4%. Such a path would almost certainly increase what are already Treasuries' worst losses since at least the early 1970s, and spur another leg higher in rates. Two- and 10-year Treasury yields -- now around 3.3% and 3.4%, respectively -- have tended to peak in line with the Fed's benchmark, making investors eye 4% as the next milestone to test.

❖ The Federal Reserve raised interest rates by 75 basis points -- the biggest increase since 1994 -- and Chair Jerome Powell signaled another big move next month, intensifying a fight to contain rampant inflation. Slammed by critics for not anticipating the fastest price gains in four decades and then for being too slow to respond, Powell and colleagues on Wednesday intensified their effort to cool prices by lifting the target range for the federal funds rate to 1.5% to 1.75%. Federal Reserve Chair Jerome Powell says either a 50 basis-point or 75 basis-point rate hike seems most likely at the next meeting of the central bank's Federal Open Market Committee. He speaks at a news conference following the Fed's decision to raise rates by 75 basis points, the biggest increase since 1994. He said another 75 basis-point hike, or a 50 basis-point move, was likely at the next meeting of policy makers. They forecast interest rates would rise even further this year, to 3.4% by December and 3.8% by the end of 2023. That was a big upgrade from the 1.9% and 2.8% that they penciled in for their March projections. "Clearly, today's 75 basis-point increase is an unusually large one and I do not expect moves of this size to be common," he told a post-meeting press conference in Washington, remarks that were cheered in financial markets as he took the risk of a string of super-sized increases off the table.

❖ **Fundamental Outlook**: Gold and silver prices are trading higher today on international bourses. We expect precious metals prices on Indian bourses to trade higher for the day. We recommend buying at dips in gold and silver in intra-day trading sessions as the US dollar and Treasury yields tumbled Wednesday after Federal Reserve Chair Jerome Powell said that unusually large interest-rate hikes will be rare.

Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	August	1780	1810	1830	1855	1870	1900
Silver – COMEX	September	21.30	21.50	21.70	22.30	22.50	22.70
Gold – MCX	August	50100	50400	50600	50900	51150	51350
Silver – MCX	July	59700	60300	61000	61700	62220	62750

Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
105.16	-0.36	-0.34

Bond Yield

10 YR Bonds	LTP	Change
United States	3.2839	0.0361
Europe	1.6390	-0.1130
Japan	0.2560	-0.0050
India	7.5920	-0.0270

Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.0552	-0.0622
South Korea Won	1290.35	-5.5500
Russia Rubble	55.8547	1.3953
Chinese Yuan	6.7149	-0.0134
Vietnam Dong	23200	33
Mexican Peso	20.2567	0.0089

NSE Currency Market Watch

Currency	LTP	Change
NDF	78.15	0.11
USDINR	78.2425	-0.1625
JPYINR	58.2875	-0.07
GBPINR	94.7875	0.195
EURINR	82.1175	-0.4675
USDJPY	134.33	-0.14
GBPUSD	1.2122	0.004
EURUSD	1.0499	-0.0042

Market Summary and News

❖ The Federal Reserve has increased rates by 75bp and has signaled a willingness to maintain this pace of tightening at the July FOMC meeting. The Fed funds rate will end the year well above 3% with the dollar set to stay strong, but moving harder and faster comes at an economic cost. Rising recession risks mean rate cuts will be on the agenda for summer 2023. After implementing the first 50bp hike in 22 years in May, the Fed has today followed up with the first 75bp increase since 1994 as the central banks tries to dampen inflation pressures with greater vigor. Markets had been moving in the direction since the release of the May inflation data and the jump in longer-term inflation expectations reported by the University of Michigan, gathering momentum on reports the Fed was likely to consider more substantial policy options than the 50bp previously signaled. Only Esther George wanted to see 50bp today. The Fed's Quantitative Tightening plans remain unchanged. The Fed's new forecasts see them signal that the pace of policy tightening will remain intense over the next few months. The dot plot of individual forecasts now predicts the year-end Fed funds rate at 3.4% versus 1.9% in March and 2023 at 3.8% (2.8% previous) with 2024 at 3.4% (2.8% previous) and long run at 2.5% versus 2.4%. Even the least hawkish FOMC members have the Fed funds rate ending this year above 3%. The accompanying statement underscores the shift in the Fed view with the central bank strongly committed to getting inflation down to 2% target and being highly attentive to inflation risks.

❖ These hikes imply around 175bp of rate increases from here, which suggests three 50bp and a 25bp in the four meetings in the second half of the year. This more aggressive stance comes at an economic cost with the Fed revising down 4Q year-on-year 2022 GDP growth to 1.7% from 2.8% and 1.7% YoY from 2.2%YoY for 4Q 2023. Despite this the core PCE deflator, the Fed's favored inflation measure, is not expected to get down to 2% before 2025 with the 4Q YoY rate for 2023 still expected to be 2.3%. It is most likely that the risks to the Fed's rate hike projections are to the upside. To get inflation lower quickly we ideally need the supply side capacity of the economy to better balance with strong demand. However, the geopolitical backdrop, Covid containment measures in Asia and the lack of worker supply in the US suggests this isn't going to happen soon. Consequently, inflation is likely to be slow and sticky on its descent, thereby putting the onus on the Fed to weaken demand via higher interest rates. It will be then followed by 50bp moves in September and November with a 25bp hike in December. This is close to where the market is pricing, which would be the most aggressive Fed tightening path since 1988. The bank's quantitative tightening plans will complement these actions. Between now and the July FOMC meeting we only have one round of data. The jobs report should be pretty good (hiring intentions surveys remain strong and there are 11.4mn vacancies) while inflation is likely to remain elevated given food and energy prices – the YoY rate won't start to really drop on favorable base effects until late 1Q through 2Q 2023. Consequently we now favour the Fed to follow up today's move with another 75bp hike in July – note Fed Chair Powell acknowledging this possibility in the press conference.

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Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	77.5500	77.7500	77.8800	78.1200	78.2800	78.4000

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India Bullion and Jewellers Associations Ltd. Since 1919

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

Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update

Market View	
Open	50261
High	50861
Low	50211
Close	50438
Value Change	243
% Change	0.48
Spread Near-Next	0
Volume (Lots)	7082
Open Interest	12888
Change in OI (%)	-1.49%

Gold - Outlook for the Day

Gold prices are likely to trade positive for the day; we are expecting the metal to test 1860-1870. Recommending to buy gold between 1820-25 for target 1860-70.

BUY GOLD AUG (MCX) AT 50600 SL 50400 TARGET 50900/51150

Silver Market Update

Market View	
Open	59800
High	61180
Low	59800
Close	60697
Value Change	1196
% Change	2.01
Spread Near-Next	0
Volume (Lots)	20694
Open Interest	12520
Change in OI (%)	-27.55%

Silver - Outlook for the Day

Silver comparatively not looking so strong but as a white metal we can expect some support around 21.50-60 zone, where one can go long for target 22.55.

BUY SILVER JULY (MCX) AT 61000 SL 60300 TARGET 61850/62200

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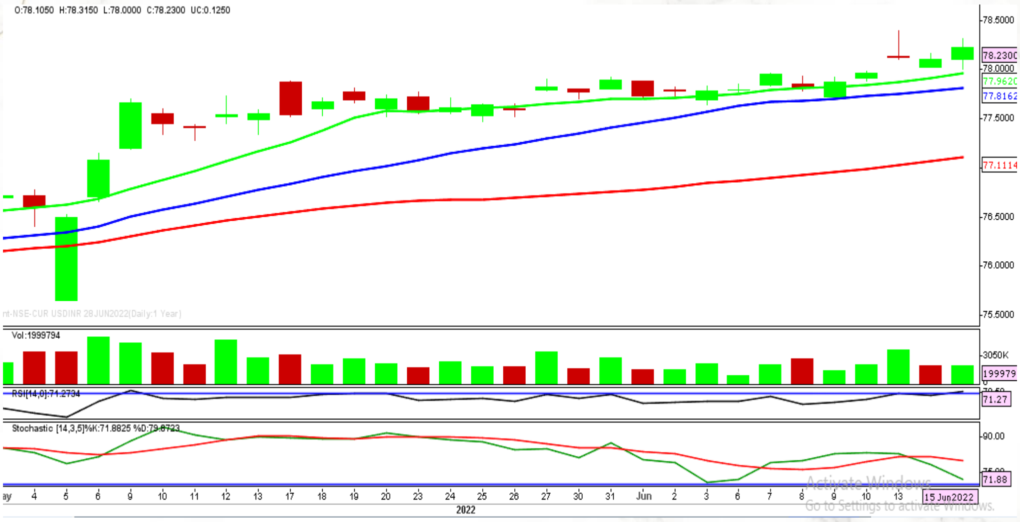
Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update



Market View	
Open	78.105
High	78.315
Low	78
Close	78.2425
Value Change	0.1375
% Change	0.18
Spread Near-Next	0
Volume (Lots)	2033086
Open Interest	5451723
Change in OI (%)	0.00%

USDINR - Outlook for the Day

USDINR witnessed a positive open and remained in quite a zig-zag momentum followed by a positive close. USDINR has formed a small green candle with sideways closure indicating resistance at higher levels. The pair has given closure above short, medium and long term moving average supporting the positive bias. USDINR, if trades below 78.15, the momentum will trade on a weaker note towards 78 – 77.75. But momentum above 78.39 would lead momentum towards 78.60. 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 June	77.5000	77.7500	77.8800	78.2500	78.4000	78.6500

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