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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: 19th September 2022

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	49374	49341
Gold	995	49176	49144
Gold	916	45227	45196
Gold	750	37031	37006
Gold	585	28884	28864
Silver	999	55570	55144

*Rate as exclusive of GST as of 16th September 2022 Gold is Rs/10 Gm & Silver in Rs/Kg

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
16th September 2022	49341	55144
15th September 2022	49926	56330
14th September 2022	50300	56350
13th September 2022	50676	57270

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

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold($/oz)	DEC 22	1683.50	-31.80	-1.86
Silver($/oz)	DEC 22	19.38	-0.30	-1.53

ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	960.85	-1.16
iShares Silver	14,607.15	80.25

Gold and Silver Fix

Description	LTP
Gold London AM Fix($/oz)	1664.30
Gold London PM Fix($/oz)	1664.65
Silver London Fix($/oz)	19.00

Bullion Futures DGCX

Description	Contract	LTP
Gold($/oz)	OCT. 22	1671
Gold Quanto	OCT. 22	49400
Silver($/oz)	DEC. 22	19.58

Gold Ratio

Description	LTP
Gold Silver Ratio	86.86
Gold Crude Ratio	19.78

Weekly CFTC Positions

	Long	Short	Net
Gold($/oz)	90604	100736	-10132
Silver	38931	46390	-7459

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	13656.77	32.76	0.24 %

Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
19th September 07:30pm	United States	NAHB Housing Market Index	47	49	Low

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Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold edged higher after plunging to the lowest in more than two years as the precious metal wavers ahead of a Federal Reserve meeting that will be pivotal. Bullion had hovered above $1,700 an ounce for most of September, but plummeted Thursday after breaking through a technical support that has held since 2020. US data pointed to robust retail sales and a strong labor market, raising expectations of more aggressive action by the Fed as it tries to cool inflation. All eyes are now on the Fed's meeting next week, where most economists see the central bank raising interest rates 75 basis points. There's a risk the hike could be even larger after US inflation data dashed hopes price pressures may be moderating. That could be a pivotal for gold, which is still holding up relatively well amid the recent surge in bond yields and the dollar. There is some anxiety about a repeat of the 2013 crash, when prices dropped 14% in two days after the Fed said it would slowdown its quantitative easing. That was matched by a similar surge in Treasury yields and the greenback.

❖ Gold sales in India may suffer this year as inflationary pressures and an erratic monsoon could hurt farmers' incomes, reducing their ability to buy the precious metal. The livelihood of millions of farmers in the country depends on the annual monsoon and uneven rains this year could hurt incomes in the farm sector, the biggest buyer of gold in India. An increase in the import tax in July also reduced appetite for the precious metal in the second-biggest consumer. Gold consumption surged to 800 tons last year as the easing of virus-related restrictions unleashed demand. The jump in demand and rising imports forced the government to raise the import tax on gold to reduce inflows after the country's widening trade gap pushed the rupee to a record low. "Volatility in prices in the previous months," kept buyers on the sidelines, said Ashish Pethe, chairman of the All India Gem and Jewellery Domestic Council. However, prices in India have stabilized now as the increase in the import tax was offset by a decline in international prices. Spot gold prices globally have fallen about 9% this year and plunged to the lowest since 2020 last week amid expectations of more aggressive monetary tightening by the US Federal Reserve as it tries to cool inflation. That's pushed prices in India below the key 50,000 rupees per 10 grams level, which could boost demand during the festival season, Pethe said.

❖ Federal Reserve officials are on track to raise interest rates by 75 basis points for the third consecutive meeting this week and signal they're heading above 4% and will then go on hold. A case can be made for going even bigger. But there are persuasive arguments for not delivering a shock 100 basis-point increase that will probably prevail when they gather Tuesday and Wednesday in Washington. Since officials last met in July, the "totality" of data -- to use Chair Jerome Powell's phrase -- shows the economy remains resilient and inflation is widespread and stubbornly high. That's hardened bets for another 75 basis-point increase instead of the smaller half-point move that was also on the table this week. But policy makers probably want to avoid hiking by an even larger amount because of the risk investors will see that triggering a US recession next year. Such a reaction could have the unintended effect of increasing speculation for Fed rate cuts in 2023, lowering long-term bond yields, easing financial conditions and pushing monetary policy in the wrong direction. "Going 100 basis points would energize the hard-landing people," said Michael Feroli, chief US economist at JPMorgan Chase & Co. He acknowledges reasons why they might go for the bigger hike while forecasting a 75 basis-point move. "Pushing back against expectations of easing next year is not merely a matter of aligning forecasts, but rather of exerting more influence over longer-term interest rates," Feroli said. Officials release their policy statement at 2 p.m. Wednesday and Powell will hold a press conference 30 minutes later. They'll also update forecasts that are expected to show rates moving to 4% over the next few months -- from a current target range of 2.25% to 2.5% -- and holding a bit higher than that through 2023. The long hold strategy is rooted in the idea that the committee needs to buy some insurance against inflation expectations going adrift, and avoiding the disastrous stop-go policy of the 1970s that allowed inflation to get out of hand.

❖ The fate of many large wagers in the US bond market hinges not only on the size of the Federal Reserve's next rate increase on Wednesday, but maybe even more so on its revised forecasts for where the policy rate will ultimately come to rest and how long it's likely to stay at that level. In the past week, market-implied expectations were ratcheted higher after the latest monthly inflation data showed less moderation than expected. Swap contracts that forecast rates over the next two years now peak at 4.5% in March 2023, a full point higher than was expected after the Fed's last meeting in July. Meanwhile, the most recent year-end forecasts by Fed policymakers -- the so-called dot-plot, formulated in June -- are nearly all below 4% for 2022-2024. The shift featured a bundle of wagers -- with millions at stake -- that the peak will be around 5%, if not higher. Others are betting on an end-2023 rate of around 4.5%, whereas the broader market expects a decline to around 4% by that time. While next week's policy decision may move markets if bigger than the three-quarter-point hike most expect, the revised dot plot and Fed Chair Jerome Powell's vision of the future will matter more to some of those wagers. "The September FOMC policy action certainly matters, but it's a little bit of not seeing the forest for the trees," said Michael Contopoulos, director of fixed income at Richard Bernstein Advisors, which manages about $17 billion in assets. "From our perspective, as investors who really focus on the next 6 to 12 to 18 months, it's less about one meeting but more about the cumulative" Fed rate moves. "We expect Powell will also give another hawkish message." August inflation data released Sept. 13 led the market to fully price in a third consecutive three-quarter-point rate increase on Sept. 21 -- bringing the target range for the federal funds rate to 3%-3.25% -- and to assign non-zero odds to a full-point hike. The US central bank has raised rates four times since March in response to accelerating inflation. The rate hikes follow a two-year period when the lower bound was 0%.

❖ The European Central Bank "absolutely" wants to avoid high inflation leading to excessive upward pressure on wages, and its recent interest-rate hikes should signal its determination to meet its price target, President Christine Lagarde said. Euro-area inflation, which reached a fresh record of 9.1% in August, is being driven to a large degree by soaring energy costs resulting from Russia's war in Ukraine, but the ECB must take action to prevent broader price increases from becoming entrenched, she said at an event in Paris. "We have more supply shock than demand shock, but we have both, so we're obliged to act taking account of this complicated mix of supply and demand," Lagarde told an audience of students Friday. "So what we have to do as the central bank is we have to be focused on our price-stability target, which we've set at 2% over the medium-term," she said. "So we have to use all the monetary policy tools available to us to reach this target."

❖ **Fundamental Outlook:** Gold and silver prices are trading lower on international bourses. We expect precious metals prices on Indian bourses to trade slightly lower to higher for the day. We recommend buy on dips in gold and silver in intra-day trading sessions as gold prices rose from its lowest level since 2020 following higher-than-expected inflation numbers in the US, which raised prospects of the Federal Reserve delivering a shock 100 basis-point increase this week.

Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	December	1650	1675	1695	1725	1755	1780
Silver – COMEX	December	18.25	18.45	18.70	18.95	19.20	19.50
Gold – MCX	October	48800	49000	49250	49500	49700	49900
Silver – MCX	December	55000	55700	56300	57000	57700	58300

Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
109.76	0.08	0.07

Bond Yield

10 YR Bonds	LTP	Change
United States	3.4494	0.0005
Europe	1.7540	-0.0120
Japan	0.2570	-0.0020
India	7.2310	0.0300

Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.2501	0.0029
South Korea Won	1388.7	-5.3000
Russia Rubble	60.4242	0.2408
Chinese Yuan	6.987	-0.0076
Vietnam Dong	23652	34
Mexican Peso	20.0368	-0.0343

NSE Currency Market Watch

Currency	LTP	Change
NDF	79.87	-0.19
USDINR	79.82	-0.0425
JPYINR	55.87	0.0575
GBPINR	91.1175	-0.8625
EURINR	79.7125	-0.06
USDJPY	143.01	-0.18
GBPUSD	1.141	-0.0106
EURUSD	0.9966	-0.0025

Market Summary and News

❖ Rupee remained volatile last week and depreciated after testing levels near 79.10 amid fresh FIIs sell-off in domestic equity markets. However, sharp decline in crude prices provided some cushion and restricted further decline. Dollar index edged higher by almost 1.00% but traded below 20-years high last week after U.S. consumer prices increased faster than expected in August, prompting bets for more aggressive Federal Reserve rate hikes. Further, US 2 years' treasury yields touched its 15 years high level after rising from 3.561% to 3.905%, supported dollar. Additionally, retail sales in the US went up 0.3% in August from July by beating forecasts of a flat reading, also supported dollar on the higher side.

❖ Indian sovereign bonds completed their worst weekly decline since May as traders weigh the outlook for interest-rate hikes. The rupee slipped. 10-year yields climbed 3bps to 7.23% and are up 12bps on the week. "With still elevated inflation and wider fiscal and current account deficits, the risks are skewed toward the possibility that the central bank will remain on the policy tightening path for longer and a higher risk premium is likely to be reflected at the longer end of the curve," Himanshu Malik, a strategist at HSBC, wrote in a note. Sees higher OIS rate, recommends paying INR5Y ND OIS vs receiving KRW 5Y ND IRS. USD/INR rose 0.1% to 79.7450; up 0.2% on the week. The strong dollar and weakening of the Chinese yuan past 7.00 weighed on the rupee, says Amit Pabari, managing director at CR Forex. "The next move toward 79.95 and 80.10 is the RBI's play as one needs to be cautious of central bank intervention." For now, the level of 80.10 remains a strong resistance for USD/INR.

❖ India's sovereign bonds are defying a worldwide rout, as banks and foreign funds rushed to buy the high-yielding debt in anticipation that they will be included in global indexes. Local lenders raised holdings of sovereign notes to a record 50.7 trillion rupees ($637 billion) as of August. Foreign investors also increased buying, leading to 10-year bond yields declining by about 30 basis points since end-June, the biggest drop in Asia. Expectations that Indian bonds will be included in global indexes, including the gauges of JPMorgan Chase & Co., have boosted their allure, offsetting worries over a record debt supply and surging US yields. Deutsche Bank AG predicts the 10-year yield will drop another 75 basis points to 6.5% in the next 12 to 18 months. It rose four basis points to 7.25% on Friday. "We have been pleasantly surprised by the strong demand for bonds despite the demand-supply challenges," said Srinivas Varadarajan, managing director for global emerging markets at Deutsche Bank in Mumbai. "The yield levels around 7% is also providing an attractive buying opportunity for long-term investors."

❖ The gauge measuring dollar strength erased gains Friday after US long-term inflation expectations fell to the lowest in more than a year, allowing the yen, euro and other currencies to re-strengthen. The Norwegian krone was trading weakest against the greenback, lagging the most compared to its G-10 peers. The dollar drop follows an earlier surge that drove the greenback to its highest level in a week, wreaking havoc on its peers. The Bloomberg Dollar Spot index fell 0.1% after rising as much as 0.4%, its highest since Sept. 7. Traders are now pricing in that the Federal Reserve's key policy rate will peak at 4.5% in March as the central bank escalates its effort to contain inflation. University of Michigan sentiment and inflation surveys showed consumers expect prices will climb at an annual rate of 2.8% over the next five to 10 years, the lowest since July 2021, according to a survey from the University of Michigan. They see costs rising 4.6% over the next year, the lowest since last September, data Friday showed. "The USD call is a US inflation call," wrote Bank of America currency strategist Athanasios Vamvakidis in a note Friday. "If US inflation does not peak soon, markets will have to reconsider everything." EUR/USD was flat, slipping 0.1% after rising as much as 0.6% to slightly above parity at 1.0012. The pair is on track to finish the week 0.4% weaker. GBP/USD fell 0.6% after earlier tumbling as much as 1% to 1.1351, a 37-year trough, after a weak reading of UK retail sales data underscores the country's struggling economy. The pair is looking to close out the week 1.7% lower. JPMorgan currency strategists Patrick Locke and Meera Chandan wrote in note Friday to stay bearish on the British pound: "The Truss plan reduces significant UK recession risk but has not transformed our bearish case for GBP," they said. Rabobank also recommend a "hard sell" for the pound strategist Jane Foley wrote in a note Friday. "The sensitivity of GBP to UK poor fundamentals is heightened by a huge current account deficit," she wrote, revising down GBP/USD forecasts to 1.08 on a 6-month view.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	79.2000	79.4000	79.5500	79.7800	79.9500	80.1000

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Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update

Market View	
Open	49220
High	49504
Low	48951
Close	49380
Value Change	68
% Change	0.14
Spread Near-Next	2921
Volume (Lots)	7551
Open Interest	9395
Change in OI (%)	-8.97%

Gold - Outlook for the Day

Gold prices are trading supportive around $ 1650-1655; where we can initiate long positions for the target of 1780-1700.

BUY GOLD OCT (MCX) AT 49250 SL 49000 TARGET 49600/49750

Silver Market Update

Market View	
Open	56295
High	57000
Low	55331
Close	56720
Value Change	303
% Change	0.54
Spread Near-Next	3280
Volume (Lots)	23255
Open Interest	17752
Change in OI (%)	-6.38%

Silver - Outlook for the Day

Silver prices are taking support around $ 19.30-19.40; where you can go long for target of $ 19.70-19.90.

BUY SILVER DEC (MCX) AT 56300 SL 55700 TARGET 57000/57700

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Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update

Market View	
Open	79.88
High	79.94
Low	79.7725
Close	79.82
Value Change	-0.0425
% Change	-0.05
Spread Near-Next	0.21
Volume (Lots)	2564262
Open Interest	3097862
Change in OI (%)	3.21%

USDINR - Outlook for the Day

USDINR witnessed a weak open at 79.88 and tested lows of 79.77 with closure on a weaker note as well at 79.82. USDINR has formed a red candle with sideways closure indicating resistance at higher levels. The pair has given closure above the short, medium and long term SMA on the daily chart supporting the bullish bias. USDINR, if trades below 79.75, pair will head towards 79.50 – 79.25. Whereas, momentum above 79.95; will lead the pair to test the highs of 80.25. The daily strength indicator RSI and momentum oscillator Stochastic both are in negative zone with crossing their respective signal line thus indicating weakness.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR September	79.3400	79.5800	79.7000	79.9800	80.1500	80.3000

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