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# India Bullion and Jewellers Associations Ltd.

## Since 1919



### Daily Bullion Physical Market Report

Date: 27<sup>th</sup> July 2022

#### Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	50822	50760
Gold	995	50619	50557
Gold	916	46553	46496
Gold	750	38117	38070
Gold	585	29731	29695
Silver	999	54106	54155

\*Rate as exclusive of GST as of 26<sup>th</sup> July 2022 Gold is Rs/10 Gm & Silver in Rs/Kg

#### Gold and Silver 999 Watch

Date	GOLD*	SILVER*
26 <sup>th</sup> June 2022	50760	54155
25 <sup>th</sup> June 2022	50911	54727
22 <sup>nd</sup> June 2022	50816	55009
21 <sup>st</sup> June 2022	49972	53907

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

#### COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	DEC 22	1735.70	-1.40	-0.08
Silver(\$/oz)	SEPT 22	18.54	0.21	1.13

#### ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	1,005.29	0.00
iShares Silver	15,523.80	-43.02

#### Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	1719.85
Gold London PM Fix(\$/oz)	1720.05
Silver London Fix(\$/oz)	18.54

#### Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	August 22	1715.8
Gold Quanto	August 22	50604
Silver(\$/oz)	SEPT. 22	18.52

#### Gold Ratio

Description	LTP
Gold Silver Ratio	93.64
Gold Crude Ratio	18.27

#### Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	98266	107987	-9721
Silver	36890	50379	-13489

#### MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	13869.67	29.32	0.21 %

#### Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
27 <sup>th</sup> July 06:00 PM	United States	Core Durable Goods Orders m/m	0.2 %	0.7 %	LOW
27 <sup>th</sup> July 06:00 PM	United States	Durable Goods Orders m/m	-0.5 %	0.8 %	HIGH
27 <sup>th</sup> July 06:00 PM	United States	Goods Trade Balance	-103.2 B	-104.3 B	MEDIUM
27 <sup>th</sup> July 07:30 PM	United States	Pending Home Sales m/m	-1.1 %	0.7 %	LOW
27 <sup>th</sup> July 11:30 PM	United States	FOMC Statement	-	-	LOW
27 <sup>th</sup> July 11:30 PM	United States	Federal Funds Rate	2.50 %	1.75 %	LOW



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## India Bullion and Jewellers Associations Ltd. Since 1919



### Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold steadied as investors count down to the conclusion of a key Federal Reserve meeting where a large interest-rate hike is expected. Bullion was little changed after slipping 0.5% on Monday. Traders are pricing in a 75 basis-point increase at the Fed's two-day meeting, which wraps up Wednesday, although the outlook after that is harder to forecast. Market participants have underpriced the amount of tightening needed to tame inflation, the Fed's current priority, according to Bloomberg Economics, which expects a steeper and higher path for the fed funds rate. Gold is set for a fourth straight monthly loss -- after dropping to the lowest since March 2021 last week -- as central banks tighten monetary policy to contain price pressures. While this has spurred concerns of an economic slowdown, gold's appeal as a haven has been dimmed by the dollar's strength, though a gauge of the greenback has retreated from a record in mid-July.

❖ Brazil Central Bank and Mining Institute known as Ibram to join a task force to fight against illegal gold trade in the country and create tools to improve survey, Ibram said after a meeting with central bank head Roberto Campos Neto. Central Bank intends to increase inspections of Securities Dealers (DTVMs) in the gold trade chain. Suggestions from the private sector to trace the origin of gold such as the use of electronic invoices will be evaluated; transport and custody guides and revocation of the practice of "good faith" in gold transactions will also be discussed. Ibram and the Federal Police assess structuring a gold traceability system with specific tags.

❖ Perhaps the biggest surprise the Federal Reserve could deliver to the US rates market at this week's meeting would be a clearer view of how much further borrowing costs will need to rise to restore price stability. The outcome of the meeting, which concludes Wednesday, is widely expected to be another three-quarter-point increase in the target range for the federal funds rate, bringing it to 2.25%-2.5%. Beyond that, swap contracts referencing Fed meeting dates are pricing in a half-point increase in September and for the rate to peak at around 3.4% in December, followed by cuts in 2023. Surprised by inflation's failure to ebb this year, the US central bank is likely to avoid gesturing about what ultimately may be required to bring it to heel, the thinking goes. Accordingly, there's a lot of money riding on the idea that Fed boss Jerome Powell's need for flexibility will keep volatility measures -- derived from by the prices of interest-rate options -- elevated. High volatility has been the name of the game for months as the Fed progressed from a quarter-point rate increase in March -- its first since 2017 -- to a half-point in May and three-quarters of a point in June. At one stage this month, a full-point hike was deemed the likeliest outcome of this week's meeting, although expectations have since been tempered. The yield on the two-year Treasury, among the government-debt tenors closely linked to Fed policy, slid by 2 basis points to around 3% Tuesday, while the 10-year rate dropped 6 basis points to 2.73%. The gap between those two benchmark yields, a widely watched indicator of expectations for economic growth, inverted by the most since 2000. Any analysis of the outlook for the rates market has been complicated by mixed economic data, specifically higher-than-expected inflation combined with downside growth surprises.

❖ The European Central Bank's decision last week's to increase interest rates by "50 basis points represents an advance in the exit from negative interest rates, but doesn't imply an increase in the terminal level of the interest rate path," Governing Council member Pablo Hernandez de Cos said. "The pace at which we approach that level will be determined by what data we see in the upcoming meetings and how it affects our 2% inflation target over the medium term," de Cos said in a speech in Barcelona on Tuesday. "In other words, decisions on interest rates will be made at each meeting." De Cos, who heads Spain's central bank, also said: Euro-area inflation is set to remain high in the near future. "But in the longer term, barring further disruptions, energy costs should stabilize and supply bottlenecks should ease, which -- together with the normalization of monetary policy underway -- would support the return of inflation to our goal" of 2%. Inflation excluding energy and food "will remain at very high levels until the end of 2022." After that it's expected to slow as "upward pressures from the reopening of the economy ease and bottlenecks are reduced." "Economic activity in the euro area is slowing, weighed down by the war in Ukraine."

❖ Exchange-traded funds cut 41,711 troy ounces of gold from their holdings in the last trading session, bringing this year's net purchases to 3.67 million ounces, according to data compiled by Bloomberg. This was the 19th straight day of declines, the longest losing streak since March 15, 2021. The sales were equivalent to \$71.7 million at yesterday's spot price. State Street's SPDR Gold Shares, the biggest precious-metals ETF, pared its holdings by 18,640 ounces in the last session. ETFs also cut 38,682 troy ounces of silver from their holdings in the last trading session, bringing this year's net sales to 78.5 million ounces. This was the fourth straight day of declines.

❖ **Fundamental Outlook:** Gold and silver prices are trading flat on international bourses. We expect precious metals prices on Indian bourses to trade range-bound to higher for the day for the day. We recommend buy on dips in gold and silver in intra-day trading sessions as investors awaited the outcome of a key Federal Reserve meeting amid mounting concerns over an economic slowdown.

### Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	August	1660	1680	1710	1750	1765	1780
Silver – COMEX	September	18.15	18.35	18.70	19.05	19.30	19.60
Gold – MCX	August	50000	50250	50500	50700	50850	51000
Silver – MCX	September	53400	54000	54500	55100	55600	56200





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## Nirmal Bang Securities - Daily Currency Market Update

### Dollar Index

LTP/Close	Change	% Change
107.19	0.71	0.66

### Bond Yield

10 YR Bonds	LTP	Change
United States	2.8068	0.0000
Europe	0.9220	-0.0930
Japan	0.2110	-0.0050
India	7.3670	-0.0250

### Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.3513	-0.0059
South Korea Won	1307.9	6.3000
Russia Rubble	60.1993	-0.0493
Chinese Yuan	6.7638	0.0038
Vietnam Dong	23367	6
Mexican Peso	20.4588	0.0029

### NSE Currency Market Watch

Currency	LTP	Change
NDF	80.1	-0.03
USDINR	79.795	-0.015
JPYINR	58.3925	-0.1075
GBPINR	95.7075	-0.6
EURINR	80.9475	-0.8
USDJPY	136.74	0.33
GBPUSD	1.1989	-0.0076
EURUSD	1.0141	-0.0108

### Market Summary and News

❖ Sterling's 6% drop against the US dollar since May has caught the attention of policy makers at the Bank of England. While cable's performance is clearly important to the inflation outlook, what matters more is the movements against a broader basket of currencies. Based on the trade-weighted index, the depreciation is half as big. In her latest speech, Monetary Policy Committee member Catherine Mann argued that part of the reason she voted for a 50-basis-point rate hike at the BOE's June meeting was to stave off the risk of sterling falling, particularly against the dollar, as other central banks get more aggressive on rates. Mann's right that cable has taken a hit as the Federal Reserve has turned hawkish and the BOE, at least up to this point, has preferred to move in smaller steps. The fall reflects other factors, too. The government's decision to ramp up Brexit tensions with the European Union over Northern Ireland as well as the risks of recession in the UK are undoubtedly weighing on the currency. When thinking about the exchange rate's influence on future policy decisions, it's also important to consider the time frame over which the fall has taken place. Yes, cable is down about 10% since the start of the year, but a little less than half the move happened before the MPC put a forecast together in May, meaning it was already incorporated into policy makers' projections. The final and most important point is that the US is just one country among many trading partners. That's why the MPC uses a trade-weighted exchange rate in its forecasts.

❖ The FOMC is poised to hike interest rates by 75 basis points at its July meeting (Wed). For guidance on future fed funds rates, we'll look at how the committee characterizes the economy and inflationary pressures. The Fed will raise the federal funds rate to a range of 2.25%-2.5%, about where the median committee member estimates the neutral rate. The committee will likely acknowledge some slowdown in the economy, and may add a reference to weakness in the housing market. The phrase the committee expects inflation to return to its 2% objective, which used to feature in Fed communications and will continue to be conspicuously absent. A day later, the Bureau of Economic Analysis will release the GDP print for the second quarter, which we expect to show a second straight contraction. Though indicators the National Bureau of Economic Research considers in dating a recession such as personal income (Fri.), aren't signaling that we're in one, other recent data show the economy rapidly losing momentum. Powell faces a communication challenge at the meeting: He needs to affirm the Fed's determination to crush inflation while not further spooking the market, which has priced in a pessimistic future. At the same time, he can't sound as optimistic about growth as he did before; given already shaky faith in the central bank's forecasting abilities. We expect Powell to steer markets to expect a 50-bp rate hike in September and underscore the significance of policy rates reaching the committee's estimated neutral rate. Concerns about the housing sector's rapid cooling may underpin pessimism among traders, who expect inflation to fall quickly next year and think the Fed will begin cutting rates as early as the first quarter. With mortgage rates having doubled and home prices (Case-Shiller, Tues.) up 20% in a year, buying a house has become untenable for many households. Both new (Tues.) and pending (Wed.) home sales likely fell sharply in June. A hallmark of recession is a drop in investment, often driven by a slowdown in inventory building or outright destocking. Inventories and durable goods orders (both Wed.) will help clarify whether a recession is at hand. We estimate that both dragged on second-quarter GDP. Ultimately, the best predictor of what the Fed will do is inflation. The Fed's preferred inflation gauge (PCE deflator, Fri.) comes two weeks after the CPI release, but June's print could still surprise if the core measure shows faster or slower inflation than expected.

❖ Japan's prices are showing more signs of rising on a wider basis as soaring commodity prices and a weak yen force companies to pass higher costs onto consumers at a pace not seen in decades. Multiple gauges of the deeper inflation trend hit record highs in June, according to data released by the Bank of Japan on Tuesday. The trimmed mean, a measure of price growth that factors out the biggest gains and falls, rose 1.6% from a year earlier. That's the fastest rate of increase in data back to 2001, according to the bank. The weighted mean, a measure of prices that gives more importance to key items, also reached a fresh record. Meanwhile, the share of increasing items in the consumer price basket rose to 71.3%, the highest proportion on record. While the indicators show Japan's price dynamics are much cooler than the red hot growth in the US and Europe, they point to the inflation trend broadening within the economy. That would make the wave of rising prices more likely to continue and to impact policy. Governor Haruhiko Kuroda has repeatedly emphasized the need for sustainable inflation before he considers adjusting his easing stance. The BOJ has become the notable outlier among major central banks as they rush to raise interest rates. Kuroda has insisted that higher wages are needed to turn cost-push inflation into lasting price growth. Another BOJ report released earlier in the day, showed service prices among companies increasing 2% from a year earlier in June. Excluding the impact of a sales tax hike, that's the biggest gain since May 1992, though the gains were led by transportation and postal services, a segment directly affected by higher fuel prices. Other changes in price trends have also been spotted. Some BOJ board members mentioned signs of a shift in the mindset of Japanese consumers over prices, according to the minutes of policy meeting in June, also released earlier Tuesday.

### Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	79.3000	79.5000	79.7500	80.0000	80.1500	80.3800



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## Nirmal Bang Securities - Bullion Technical Market Update

### Gold Market Update



Market View	
Open	50598
High	50705
Low	50465
Close	50584
Value Change	48
% Change	0.09
Spread Near-Next	0
Volume (Lots)	4806
Open Interest	2932
Change in OI (%)	-29.88%

### Gold - Outlook for the Day

Gold prices are trading supportive around 1680-90 zone; we are recommending to go long between 1689-1700 for the target of 1730-40.

**BUY GOLD AUG (MCX) AT 50500 SL 50250 TARGET 50850/51000**

### Silver Market Update



Market View	
Open	54610
High	54854
Low	54320
Close	54715
Value Change	308
% Change	0.57
Spread Near-Next	5285
Volume (Lots)	13321
Open Interest	23217
Change in OI (%)	-5.44%

### Silver - Outlook for the Day

Silver prices are trading supportive around 18.30-40 zone; we are recommending to buy around 18.10-18.20 for target of 18.80-19.00.

**BUY SILVER SEPT (MCX) AT 54500 SL 54000 TARGET 55200/55700**



## Nirmal Bang Securities - Currency Technical Market Update

## USDINR Market Update



Market View	
Open	79.7875
High	79.82
Low	79.715
Close	79.795
Value Change	-0.015
% Change	-0.02
Spread Near-Next	-1.0984
Volume (Lots)	2144176
Open Interest	3287010
Change in OI (%)	-10.12%

## USDINR - Outlook for the Day

USDINR witnessed a flat open at weak open at 79.96 with testing lows of 79.75 in the opening tick and then remaining consolidated within the range of 80.06 -80 levels. USDINR has formed a flat green candle with closure in lower low and high indicating some resistance coming in from higher side. The pair has given closure below the short term SMA while holding support at medium and long term SMA. USDINR, if trades below 70.98, the momentum will trade on a weaker note towards 79.85 -79.72. But momentum above 80.10 would lead momentum towards 80.38. The daily strength indicator RSI and momentum oscillator Stochastic both are in negative zone with crossing their respective signal line thus indicating negative bias.

## Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR June	79.5000	79.7000	79.8800	80.1700	80.3500	80.4800



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