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# India Bullion and Jewellers Associations Ltd.

## Since 1919



## Daily Bullion Physical Market Report

Date: 29<sup>th</sup> July 2022

### Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	51174	51222
Gold	995	50969	51017
Gold	916	46875	46919
Gold	750	38381	38417
Gold	585	29937	29965
Silver	999	55844	55972

\*Rate as exclusive of GST as of 28<sup>th</sup> July 2022 Gold is Rs/10 Gm & Silver in Rs/Kg

### Gold and Silver 999 Watch

Date	GOLD*	SILVER*
28 <sup>th</sup> June 2022	51222	55972
27 <sup>th</sup> June 2022	50842	54840
26 <sup>th</sup> June 2022	50760	54155
25 <sup>th</sup> June 2022	50911	54727

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

### COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	DEC 22	1769.20	31.70	1.82
Silver(\$/oz)	SEPT 22	19.87	1.27	6.82

### ETF Holdings as on Previous Close

ETFs	Long	Short
SPDR Gold	1,005.29	0.00
iShares Silver	15,057.77	-357.05

### Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	1746.60
Gold London PM Fix(\$/oz)	1753.50
Silver London Fix(\$/oz)	19.33

### Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	August 22	1761.2
Gold Quanto	August 22	51324
Silver(\$/oz)	SEPT. 22	19.96

### Gold Ratio

Description	LTP
Gold Silver Ratio	89.05
Gold Crude Ratio	18.35

### 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	13935.22	302.37	2.17 %

### Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
29 <sup>th</sup> July 06:00 PM	United States	Core PCE Price Index m/m	0.5 %	0.3 %	HIGH
29 <sup>th</sup> July 07:15 PM	United States	Chicago PMI	55.1	56.0	LOW
29 <sup>th</sup> July 07:30 PM	United States	Revised UoM Consumer Sentiment	51.1	51.1	MEDIUM



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## India Bullion and Jewellers Associations Ltd. Since 1919



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

❖ Gold climbed after the US economy shrank for a second consecutive quarter, pushing the dollar and Treasury yields lower and clouding the outlook for further aggressive interest-rate hikes as the Federal Reserve fights inflation. Bullion rallied as much as 1.3% to a three-week high after a report showed US gross domestic product fell 0.9% in the second quarter as inflation weighed on consumer spending. Chairman Jerome Powell said while a move similar to this week's 75 basis-point hike was possible again, the pace of hikes will slow at some point. The Federal Open Market Committee "is strongly committed to returning inflation to its 2% objective," it said in a statement, repeating language that it's "highly attentive to inflation risks." Powell said officials would set policy on a meeting-by-meeting basis rather than offer explicit guidance on the size of the next move.

❖ Michael Nowak was "the boss" of a plot at JPMorgan Chase & Co. to manipulate gold and silver prices and worked with the top trader and salesman on the bank's precious metals desk to "spoo" markets with bogus buy and sell orders, a federal prosecutor told jurors in Chicago. "For years, executives at one of the world's largest banks conspired to manipulate the markets for precious metals," Matthew Sullivan, an attorney in the US Department of Justice, said Thursday during closing arguments in the trial of Nowak, Gregg Smith and Jeffrey Ruffo. "All three worked together toward the same goal: earning profits for the precious-metals desk by spoofing." Prosecutors are wrapping up the biggest criminal case by the US in its crackdown on market manipulation following the global financial crisis. Nowak and Smith are charged with racketeering conspiracy as well as conspiring to commit price manipulation, wire fraud, commodities fraud and spoofing from 2008 to 2016. Ruffo is charged with racketeering and conspiracy. They face years in prison if convicted. Over the past three weeks, government witnesses described how Nowak, who ran the desk, and Smith, its chief gold trader, routinely placed huge buy and sell orders they never intended to execute. It was part of their strategy to push prices in the direction that would profit the bank, said two former JPMorgan traders who agreed to cooperate after pleading guilty. Ruffo encouraged the practice to benefit his hedge fund clients, they said. JPMorgan, one of the most influential banks in the precious-metals market, already has paid \$920 million to settle Justice Department spoofing allegations against it.

❖ India's first global gold exchange aims to create a regional bullion hub that will allow more jewelers to import the precious metal. The India International Bullion Exchange is expected to attract dealers, refineries and foreign banks, Chief Executive Officer Ashok Gautam said in an interview this week. The spot exchange -- based in western India's Gujarat International Finance Tec-City -- will be launched Friday by Prime Minister Narendra Modi, and trade will be in the form of bullion depository receipts. The bourse will allow qualified jewelers to directly import gold, a change from current rules where only some banks and nominated agencies approved by the central bank can do so. That's set to widen the importer base in the world's second-biggest consumer, where the World Gold Council expects demand will steady around 800 tons this year. "This is essentially providing an alternative channel for imports in India in an efficient way, a transparent way, with probably a better pricing, which will be available to the end users," said Gautam. As of Tuesday, 64 big jewelers have come onboard with more applications in the pipeline, he said. The trades will be exempt from local duties, unless goods are moved outside the city. The broader aim is to set up an exchange on the lines of the Shanghai Gold Exchange and Borsa Istanbul to make India a key regional hub for bullion flows, Metals Focus Ltd. said last month. Gold is traditionally favored by Indians as a store of value, and buying and gifting of jewelry is seen as auspicious, especially during festivals and weddings. The exchange is also targeting non-resident Indians scattered across the globe, who want to add bullion to their portfolio. The bourse has also roped in three companies providing vault services, which will be "competitively priced" to compete with other regional hubs, he said. Additionally, IIBX plans to allow silver trading on the exchange in the future, he said.

❖ Traders rushed to trim European Central Bank tightening wagers and bonds surged after data showed the US economy shrank for a second straight quarter, fueling concerns a recession may spread to Europe. Money markets are pricing less than 100 basis points of hikes by December according to swaps tied to ECB meeting dates, the least since the middle of June. That compares with almost 140 basis points of tightening after officials ended an era of negative interest rates last week with a surprise half-point hike. Italian bonds, among the most sensitive to the prospect of lower rates, led a rally across the region. The nation's five-year yield tumbled 20 basis points to 2.41%. German two-year yields also plunged to their lowest since mid May. The region is grappling sky-high energy costs and record inflation, the fallout of Russia's decision to curb gas flows to Europe. That has weighed heavily on the growth outlook constrained the ECB's ability to raise rates aggressively, with traders already betting that its first hiking cycle in a decade may end as soon as this year.

❖ President Joe Biden touted low unemployment, job creation and foreign investment as signs the US isn't in a recession following disappointing economic data -- and urged Congress to pass legislation he said would counteract soaring inflation. Federal Reserve Chairman Jerome Powell "and many of the significant banking personnel and economists say we're not in a recession," Biden told reporters at the White House Thursday before ticking off the data points he said showed the strength of the US economy. He added: "That doesn't sound like a recession to me." The president urged Congress to approve a broad tax, climate and health care deal Senate Democrats unveiled Wednesday, calling it "the strongest bill you can pass to lower inflation, cut the deficit, reduce health care costs, tackle the climate crisis and promote energy security." President Biden says Senate Democrats' climate-and-tax package will reduce inflationary pressures on the economy and begin to make the tax code more fair. "Experts, even some experts who have criticized my administration in the past, agree that this bill will reduce inflationary pressures on the economy," he said. Biden's comments were the latest White House effort to push back against Republican assertions the US has tipped into recession after data released Thursday showed gross domestic product has now contracted for two consecutive quarters, a scenario that's referred to as a "technical recession."

❖ **Fundamental Outlook:** Gold and silver prices are trading higher on international bourses. We expect precious metals prices on Indian bourses to trade higher for the day for the day. We recommend buy on dips in gold and silver in intra-day trading sessions as gold headed for its biggest weekly gain since mid-May amid speculation that the Federal Reserve will slow the pace of interest rate increases as the US economy slows.

### 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	18.55	18.80	19.05	19.30	19.65	19.95
Gold – MCX	August	50900	51150	51350	51500	51700	51950
Silver – MCX	September	56500	57200	57800	58200	58700	59300





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## Nirmal Bang Securities - Daily Currency Market Update

### Dollar Index

LTP/Close	Change	% Change
106.35	-0.10	-0.09

### Bond Yield

10 YR Bonds	LTP	Change
United States	2.6759	0.0126
Europe	0.8230	-0.1200
Japan	0.2050	-0.0180
India	7.3320	-0.0090

### Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.1826	-0.0615
South Korea Won	1299.5	-0.9500
Russia Rubble	61.6717	0.6408
Chinese Yuan	6.7473	0.0001
Vietnam Dong	23361	-2
Mexican Peso	20.2823	0.0123

### NSE Currency Market Watch

Currency	LTP	Change
NDF	79.79	0.01
USDINR	79.895	-0.24
JPYINR	59.0375	0.2625
GBPINR	96.825	0.075
EURINR	81.145	-0.4875
USDJPY	135.36	-1.02
GBPUSD	1.212	0.0043
EURUSD	1.0158	-0.0034

### Market Summary and News

❖ The Bank of England signaled at its June meeting that it would “act forcefully” if it saw signs of persistent inflationary pressure. We think the run of data since then will prompt a 50-basis-point hike in August. Our base case is the central bank will then revert to more traditional 25-bp increments following this meeting, taking rates to 2.75% by February. The risk is that a faster pace of tightening continues into the fall. The Monetary Policy Committee’s decision is scheduled for release at 12 p.m. London time on Aug. 4. We expect policy makers to vote in favor of raising rates to 1.75% from 1.25%. Market pricing suggests a roughly 90% chance of a 50-bp move. In May, the MPC said it would provide an update on its strategy for active gilt sales at the August meeting. Governor Andrew Bailey has said the pace of balance sheet run-off (including redemptions) will be between £50 billion and £100 billion in the first year. A confirmatory vote on whether to start sales could come in September, allowing them to begin soon after. Bailey’s guidance is consistent with our expectation of sales starting in the fourth quarter at a pace of £5 billion per month. The risk is that run-off is slower than we have assumed. The committee could be nudging down its estimate for growth this year, though we don’t expect it will forecast a technical recession. CPI inflation is likely to be seen peaking above 12% during 4Q, thanks to a larger-than-expected rise in household energy bills in October. The market-implied interest rate path the MPC will feed into its forecast will likely show rates hitting 3% in mid-2023. That compares with a high of slightly less than 2.75% in May. The inflation will be seen moving below the 2% target in the medium term, though data-dependency has made projections at that horizon less important for policy. The committee is likely to maintain its current guidance, which will allow for faster hikes at subsequent meetings, if the data support it.

❖ A 75-basis-point rate hike at the Fed’s meeting this week is more or less a done deal. The outlook from then on is harder to predict. With the economy cooling rapidly, traders expect the Fed to pause its rate-hike cycle after this year. Bloomberg Economics believe market participants have underpriced the amount of tightening needed to tame inflation, the Fed’s current priority. Expect a steeper and higher path for the fed funds rate than what’s currently priced in the market going forward with the fed funds rate reaching 3.75%-4.0% by the end of the year, compared to market expectations of 3.25%-3.5%. Market expects the Fed to keep rates at that level until mid-2023. However, the central bank to continue hiking until the upper end of the target-rate range reaches 5% in mid-2023, up from 4% in our previous forecast. The main reason for our changed call is a hawkish shift in the Fed’s reaction function. Chair Jerome Powell said recently the unemployment rate associated with price stability likely is temporarily elevated, and the central bank is paying attention to headline inflation measures rather than just the core PCE deflator. Once these changes are factored in, the estimation is that the Fed’s reaction function suggests the terminal rate will reach 5%, as the Fed can’t afford to pause prematurely next year if it hopes to get inflation back down to the 2% target by the end of 2024. Still, the last few months have proved that the Fed’s focus can shift rapidly. It’s possible that will happen again in the months ahead. If views on the natural rate of unemployment settle back near 4% and falling inflation takes some of the focus away from headline readings for PCE, the call for a 5% terminal rate would start to look too high.

❖ The Reserve Bank of India’s intervention in the foreign-exchange market to protect the rupee that tested a series of record lows in recent months is pushing shorter rates to multi-year highs. The government’s borrowing costs for a three-month Treasury bill surged to the highest in three years at an auction on Wednesday. The weighted average call rate, an interbank overnight rate closely followed by the central bank, rose to 5.09%, a level last seen in 2020. Financial conditions are tightening globally as the central banks raise interest rates to curb price pressures, and the RBI is expected to follow the Federal Reserve in extending rate hikes at its policy review due next week. The sharp surge in rates show the impact of the RBI’s moves since late last year to gradually whittle down pandemic-era stimulus. Persistent FX intervention to cap rupee losses and elevated government cash balance may probably keep liquidity tight and rates elevated in the short term. The currency fell to an unprecedented 80 a dollar last week. The government spending has not materialized with New Delhi’s cash balances with RBI estimated at 4 trillion rupees, which is also contributing to the cash shortage. Excess banking liquidity dipped to 1.5 trillion rupees, its lowest since 2019 from the 2022-high of nearly 9 trillion rupees, as tax outflows also weighed. That prompted the RBI to do a 3-day repo auction to inject 500 billion rupees on Tuesday. Inflation will remain the RBI’s key priority with a 50-basis-point rate hike likely next week.

### Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	79.2000	79.4000	79.5800	79.7500	79.8800	80.0000



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## Nirmal Bang Securities - Bullion Technical Market Update

### Gold Market Update



Market View	
Open	50760
High	51391
Low	50760
Close	51304
Value Change	584
% Change	1.15
Spread Near-Next	0
Volume (Lots)	3699
Open Interest	935
Change in OI (%)	-106.95%

### Gold - Outlook for the Day

We have seen sharp uptick in precious metals after a fed hike. We are recommending going long in gold between \$ 1840-1830 for target of \$ 1860-1870.

**BUY GOLD AUG (MCX) AT 51150 SL 50900 TARGET 51500/51700**

### Silver Market Update



Market View	
Open	55345
High	57734
Low	55345
Close	57619
Value Change	2775
% Change	5.06
Spread Near-Next	2381
Volume (Lots)	31204
Open Interest	16407
Change in OI (%)	-39.17%

### Silver - Outlook for the Day

Silver too as always we are recommending going long for target \$ 20.40-20.50 zone; currently we are recommending going long between \$ 19.90-19.80 for the target of \$ 20.40-20.50 in the coming sessions.

**BUY SILVER SEPT (MCX) AT 57200 SL 56500 TARGET 58200/58700**





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## Nirmal Bang Securities - Currency Technical Market Update

### USDINR Market Update



Market View	
Open	80.08
High	80.08
Low	79.825
Close	79.895
Value Change	-0.24
% Change	-0.3
Spread Near-Next	-1.1984
Volume (Lots)	3327914
Open Interest	3115013
Change in OI (%)	-7.53%

### USDINR - Outlook for the Day

USDINR witnessed a weak open at 80.08 followed by a session in red marking the low at 79.82 with closure near the same. USDINR has formed a small red candle with closure in lower lows and highs but is still consolidation in a broader look out. The pair has given closure below the short term SMA while holding support at medium and long term SMA. USDINR, if trades below 79.85, the momentum will trade on a weaker note towards 79.60. But momentum above 80 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 July	79.5000	79.7000	79.8800	80.1700	80.3500	80.4800



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