

Daily Bullion Physical Market Report

Date: 03rd September 2024

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	71437	71511
Gold	995	71151	71225
Gold	916	65436	65504
Gold	750	53578	53633
Gold	585	41791	41834
Silver	999	82376	82780

Rate as exclusive of GST as of 02nd September 2024 Gold is Rs/10 Gm & Silver in Rs/Kg

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
02 nd September 2024	71511	82780
30 th August 2024	71958	85019
29 th August 2024	72001	85072
28 th August 2024	71691	84929

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

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	DEC 24	2527.60	-32.70	-1.28
Silver(\$/oz)	DEC 24	29.14	-0.85	-2.82

ETF Holdings as on Previous Close

ETFs	In Tonnes	Net Change
SPDR Gold	862.74	5.47
iShares Silver	14,493.33	39.73

Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	2502.00
Gold London PM Fix(\$/oz)	2498.60
Silver London Fix(\$/oz)	28.62

Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	OCT24	2508.3
Gold Quanto	OCT 24	71621
Silver(\$/oz)	DEC 24	28.93

Gold Ratio

Description	LTP
Gold Silver Ratio	86.73
Gold Crude Ratio	34.37

Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	251097	14279	236818
Silver	44891	9609	35282

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	17868.25	-34.20	-0.19 %

Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
03 rd September 07:15 PM	United States	Final Manufacturing PMI	48.1	48.0	Low
03 rd September 07:30 PM	United States	ISM Manufacturing PMI	47.5	46.8	High
03 rd September 07:30 PM	United States	ISM Manufacturing Prices	52.5	52.9	Medium
03 rd September 07:30 PM	United States	Construction Spending m/m	0.1%	-0.3%	Low

Nirmal Bang Securities - Daily Bullion News and Summary

□ Gold was little changed on Monday, with attention turning to upcoming employment data ahead of widely expected rate cuts by the Federal Reserve. Bullion traded near \$2,500 an ounce after dropping 0.7% on Friday. US economic data due this week, including non-farm payrolls, should offer clues as to how and when the Fed will make widely expected cuts. Lower rates are often seen as bullish for non-interest bearing gold. "A larger cut to interest rates is likely to weaken the dollar more, and thus the gold price would be expected to rise more," according to a report from Heraeus Group. "What could mitigate this, however, is if the market has sufficiently priced in this risk to the gold price already, it having held around \$2,500/oz over the last fortnight." Bullion has surged more than 20% this year, aided by expectations of rate cuts and robust purchasing by central banks. The precious metal has also been supported by haven demand amid ongoing conflicts in the Middle East and Ukraine. Spot gold fell 0.1% to \$2,499.90 an ounce in New York. The Bloomberg Dollar Spot Index and US 10-year Treasury yield were broadly steady.

□ Exchange-traded funds added 61,221 troy ounces of gold to their holdings in the last trading session, bringing this year's net sales to 2.71 million ounces, according to data compiled by Bloomberg. This was the fourth straight day of growth. The purchases were equivalent to \$153.3 million at the previous spot price. Total gold held by ETFs fell 3.2 percent this year to 82.9 million ounces, the highest level since Feb. 20. Gold advanced 21 percent this year to \$2,503.39 an ounce and fell by 0.7 percent in the latest session. State Street's SPDR Gold Shares, the biggest precious-metals ETF, boosted its holdings by 175,610 ounces in the last session. The fund's total of 27.7 million ounces has a market value of \$69.4 billion. ETFs also added 77,826 troy ounces of silver to their holdings in the last trading session, bringing this year's net purchases to 15.5 million ounces.

□ Money managers have increased their bullish gold bets by 69 net-long positions to 236,818, weekly CFTC data on futures and options show. The net-long position was the most bullish in more than four years. Long-only positions fell 422 lots to 251,097 in the week ending Aug. 27. Short-only positions fell 491 lots to 14,279. Money managers have increased their bullish silver bets by 3,284 net-long positions to 35,282, weekly CFTC data on futures and options show. The net-long position was the most bullish in six weeks. Long-only positions rose 3,626 lots to 44,891 in the week ending Aug. 27. The long-only total was the highest in six weeks. Short-only positions rose 342 lots to 9,609.

□ September has traditionally been a terrible month for traders and risks being even harder to navigate in 2024 given lingering questions about the Federal Reserve's anticipated interest-rate cut. Bonds, stocks and gold have typically suffered losses in the month, as traders reassessed their portfolios after the summer break. The S&P 500 Index and Dow Jones Industrial Average have had their biggest percentage losses since 1950 in the month of September. Bonds have slid in eight of the last 10 Septembers, while bullion has dropped every time since 2017. Investors may need to prepare for stormier weather this time, facing uncertainties including a crucial US jobs report seen key to the magnitude and frequency of the Fed's future interest-rate cuts. Stocks trading near records and Treasuries enjoying their longest monthly winning streak in three years look vulnerable to data shocks or surprises from a tight US presidential race. Fresh from a hectic August that featured a brief but brutal global stock rout, investors now look to Friday's employment data that may shed light on the health of the world's No. 1 economy and shape the trajectory of the Fed's upcoming monetary easing campaign. With a hefty four quarter-point rate cuts currently priced in by the end of this year, there's heightened risk for wild market swings if the Fed sounds less dovish than expected at its meeting that concludes on Sept. 18.

□ Gold may have distinct upside as the Federal Reserve prepares to cut rates, and silver is well-placed to ride along in its coattails. Gold, already on a tear this year, has the potential to surge past \$3,000 an ounce should the Fed cut rates as deeply as the markets expect it to. For instance, a 200-basis point reduction in the funds rate may cause gold to climb to as much as \$3,100 an ounce if the metal retains the empirical duration it had demonstrated in previous loosening cycles. Silver has a close correlation with gold, and would benefit from such a rally. Correlations between the two since the start of the Fed's tightening cycle suggest that a surge in gold to, say, \$3,100 an ounce will send silver toward \$38 per ounce, representing an upside of more than 30% from current levels. What happens if the Fed is unable to reduce rates as much as the traders are factoring in? If the central bank were to cut rates by, say, just 125 basis points, gold may settle around \$2,711 an ounce. In this scenario, silver will climb to \$33.11, still representing an upside of about 16%. A word of caution: gold and silver have taken their most impressive strides when the Fed's rate cuts have gone hand in hand with pronounced systemic stress — for instance, during the financial crisis and the pandemic. Should the US economy largely hold its poise amid an ageing cycle without any major ructions; gains in the metals may be more subdued than outlined above.

Fundamental Outlook: Gold and silver prices are trading slightly lower today on the international bourses. We expect gold and silver prices to trade range-bound to slightly lower for the day, as gold prices held a decline ahead of US employment data that may influence the Federal Reserve's rate-cutting path.

Key Market Levels for the Day

Bullion	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	December	2470	2500	2520	2535	2550	2570
Silver – COMEX	December	28.25	28.55	28.80	29.00	29.30	29.50
Gold – MCX	October	71000	71200	71500	71750	72000	72200
Silver – MCX	December	82800	83500	84200	85000	85700	86300

Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
101.65	0.31	0.31

Bond Yield

10 YR Bonds	LTP	Change
United States	3.9034	0.0000
Europe	2.3360	0.0380
Japan	0.9130	0.0150
India	6.8760	0.0120

Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.6178	0.0110
South Korea Won	1338.35	0.5500
Russia Rubble	89.6877	-0.7776
Chinese Yuan	7.1173	0.0260
Vietnam Dong	24884	9.0000
Mexican Peso	19.8267	0.0985

NSE Currency Market Watch

Currency	LTP	Change
NDF	83.99	0.0300
USDINR	83.99	0.0925
JPYINR	57.605	-0.5125
GBPINR	110.2525	-0.2175
EURINR	93.005	-0.0800
USDJPY	146.33	1.5800
GBPUSD	1.3126	-0.0039
EURUSD	1.1062	-0.0014

Market Summary and News

□ Indian bond traders will await a sale of 205.5b rupees of state debt to gauge demand. RBI to conduct INR1t, 3-day variable rate reverse repo auctions under LAF. USD/INR little changed at 83.9250 on Monday. Implied opening from forwards suggest spot may start trading around 83.94. 10-year yields rose 1bps to 6.88% on Monday. India to sell 290b rupees of bonds in auction on Sept. 6; India's monetary policy has been constrained by persistently high inflation for the past two years, according to a Barclays note by Shreya Sodhani and Amruta Ghare. This episode of elevated inflation is now moving into the rear view mirror; continue to expect inflation to average 4.3% in FY24-25 (RBI: 4.5%), clearing the path for policy easing by the MPC. Despite a lower inflation forecast, we think the MPC will be wary of easing on lower-than-expected inflation for 2Q alone, given the drag from a high base. The MPC will likely want to get a clear picture of food supply following the end of the monsoon and the harvest seasons (Oct-Nov). 2Q growth data will also highlight that economic activity should become more of a factor as inflation eases, leading to a pivot in December. Global Funds Buy Net 17.4B Rupees of Indian Stocks Sept. 2: NSE. They bought 2.16 billion rupees of sovereign bonds under limits available to foreign investors, and withdrew 960 million rupees of corporate debt. State-run banks bought 41.5 billion rupees of sovereign bonds on Sept. 2: CCIL data. Foreign banks sold 3.87 billion rupees of bonds.

□ Japanese government bond futures fell as traders await a 10-year auction later today, after the two-year bond sale saw strong demand last week. The yen held around 146.91 versus the dollar after four days of losses. JGB futures dropped 9 ticks to 144.51 on Monday, while 5 and 10-year yields rise 1.5bps each to 0.510% and 0.905%. Japan to sell ¥2.6 trillion of 10-year bonds at 12:35 p.m. Tokyo time; there is concern about the 10-year bond auction since it's not attractive in terms of absolute or relative value, says Kazuhiko Sano, chief strategist at Tokai Tokyo Securities, in a report. He notes bonds will rebound after falling on Tuesday. The two-year auction was strong, but what happens at the short end of the curve rarely translates into success at the long end, says Bloomberg's Mark Cranfield. The yield on the 10-year JGB will likely hover around 0.85%-0.95% over the next month or so, writes Keiko Onogi, senior JGB strategist at Daiwa Securities, in a note. USD/JPY holds around 146.91 after gaining for the past four days. It is now "difficult to envisage USD/JPY climbing back toward 160 due to resurgence in demand for yen carry trades," writes Koichi Sugisaki, executive director at Morgan Stanley MUFG Securities Co. in Tokyo, in a note. The yen may strengthen beyond 140 per dollar as the Federal Reserve starts to cut rates, so he recommends a tactical short USD/JPY position. The view of yen watchers has now swung firmly in favor of the currency holding its recent gains, and likely adding to them over the course of this year.

□ Emerging-market stocks fell as data showing weakness in the Chinese economy stoked concern that Beijing's stimulus plan isn't working. Currencies edged lower as liquidity remained low with the US closed for the Labor Day holiday. The MSCI gauge for emerging stocks fell 0.3%; a counterpart index for currencies dropped 0.1%. The Shanghai Shenzhen CSI 300 Index fell to lowest since Feb. 5. Weekend releases showed factory activity contracted for fourth straight month, value of new-home sales fell almost 27% from year earlier; Disappointing earnings from companies including China Vanke also soured sentiment. With consumer demand already weak, data show industry also slowing, raising urgency for further stimulus. Israeli shekel declined as the nation witnesses labor strikes that push for quick cease-fire deal; Businesses, universities close amid shock over hostage deaths. Brazil's real weakened against the dollar even after the central bank attempted to curb losses with an auction of currency swaps. Ongoing concerns around government's fiscal plans and the Supreme Court's decision to block users in Brazil from accessing social media platform X soured sentiment. The Turkish lira gained after the central bank took a series of steps to tame rising demand for foreign currency. Hungary is offering Samurai bonds for the first time since 2022, pushing the government closer to a limit it has imposed on the state's foreign exchange-denominated debt. Oil climbed after Libya declared force majeure at a key oil field amid widening shutdowns that have wiped out close to a million barrels from daily global supplies. Earlier Monday, oil had swung between gains and losses amid thin liquidity.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR SPOT	83.8250	83.8625	83.8975	83.9325	83.9725	84.0150

Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update



Market View	
Open	71512
High	71800
Low	71426
Close	71601
Value Change	-10
% Change	-0.01
Spread Near-Next	470
Volume (Lots)	2902
Open Interest	15994
Change in OI (%)	-0.47%

Gold - Outlook for the Day

SELL GOLD OCT (MCX) AT 71750 SL 72000 TARGET 71400/71200

Silver Market Update



Market View	
Open	84910
High	84910
Low	84050
Close	84554
Value Change	-656
% Change	-0.77
Spread Near-Next	2531
Volume (Lots)	9539
Open Interest	29760
Change in OI (%)	5.21%

Silver - Outlook for the Day

BUY SILVER DEC (MCX) AT 84200 SL 83500 TARGET 85000/85700

Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update



Market View	
Open	83.9400
High	84.0000
Low	83.9225
Close	83.9900
Value Change	0.0925
% Change	0.1103
Spread Near-Next	-0.6630
Volume (Lots)	183219
Open Interest	1426682
Change in OI (%)	-2.95%

USDINR - Outlook for the Day

The USDINR future witnessed a gap-up opening at 83.94, which was followed by a session where price shows buying from lower level with candle enclosure below near high. A long green candle formed by the USDINR price where price closed between short-term moving averages. On the daily chart, the MACD showed a negative crossover above zero-line, while the momentum indicator, RSI trailing between 47-53 levels. We are anticipating that the price of USDINR futures will fluctuate today between 83.93 and 84.03.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR SEPT	83.8875	83.9250	83.9525	83.9950	84.0375	84.0750

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
Jayati Mukherjee	Sr. Research Analyst	jayati.mukherjee@nirmalbang.com
Smit Bhayani	Research Analyst	smit.bhayani@nirmalbang.com
Utkarsh Dubey	Research Associate	Utkarsh.dubey@nirmalbang.com

This Document has been prepared by Nirmal Bang Securities Pvt. Ltd. The information, analysis and estimates contained herein are based on Nirmal Bang Securities Research assessment and have been obtained from sources believed to be reliable. This document is meant for the use of the intended recipient only. This document, at best, represents Nirmal Bang Securities Research opinion and is meant for general information only. Nirmal Bang Securities Research, its directors, officers or employees shall not in any way be responsible for the contents stated herein. Nirmal Bang Securities Research expressly disclaims any and all liabilities that may arise from information, errors or omissions in this connection. This document is not to be considered as an offer to sell or a solicitation to buy any securities. Nirmal Bang Securities Research, its affiliates and their employees may from time to time hold positions in securities referred to herein. Nirmal Bang Securities Research or its affiliates may from time to time solicit from or perform investment banking or other services for any company mentioned in this document.