

GOLD



News & Development

MCX Gold futures witnessed bullish movement during the April month so far amid reports of second wave and third wave of covid-19 in India and the European Countries. Falling Bond yields and US Dollar Index has given strength to the global gold prices. Simultaneously, daily rising cases in India and shortage of medical services and hospital occupancy has also supported the prices in the past few weeks. By 19th April, MCX Gold futures closed at Rs. 47393/10 grams, higher by 6.17% compared to Rs.44637/10 grams reported on 31st March.

Fundamentally for the coming month, we expect international Gold futures to continue to trade bullish as the US Dollar Index and Bond Yields is expected to witness further decline. Central banks all across the globe has remained less hawkish as they believe that their economy is expected to revive back by the end of the year 2021. The People's Bank of China has left its loan prime rate unchanged at 3.85% and the Reserve Bank of Australia releasing the minutes from its latest policy meeting earlier in the day. The European Central Bank will hand down its policy decision during this week, however, based on the market expert reports, the central bank is expected to remain less hawkish. The surge in global COVID-19 cases globally continues, with the number topping the 141 million mark as of 20th April, according to Johns Hopkins University data, which is another factor that can support global gold prices. The gold market is focused on the recovery across Europe and runaway inflation concerns across emerging markets. A stronger euro and hotter pricing pressures globally is what gold needs over the next several months to make a run towards the \$1,900 level. Choppy trend may be witnessed in global gold prices due to multiple vaccine developments and recovering global economy, but then, the long term outlook for gold continues to remain bullish.



On a weekly chart, MCX Gold (June) future has been rising continuously for the last three weeks after taking a support at lower **Bollinger Band** formation and 50% **Retracement Levels**, which indicates a bullish reversal in the counter for the long term. Moreover, the price has also sustained above 50-week **Exponential Moving Averages**, supporting the bullish trend for the near term. However, in the yesterday trading session, prices posted moderate losses, despite a decline in the dollar index to one and a half months low of 90.99. COMEX Gold fell back from a high of 1790 as a higher global bond yield cut the gold prices. In addition, a momentum indicator RSI (14) & an oscillator Stochastic witnessed positive crossover, which suggests a bullish trend for the long term. **So based on the above technical structure, we are recommending buy on dips strategy in Gold. Hence, one can initiate a long position around 47200 or a fall in the prices till 47100 for the upside target of 48000. However, the bullish view will be negated if MCX Gold (June) closes below the support of 46750.**