

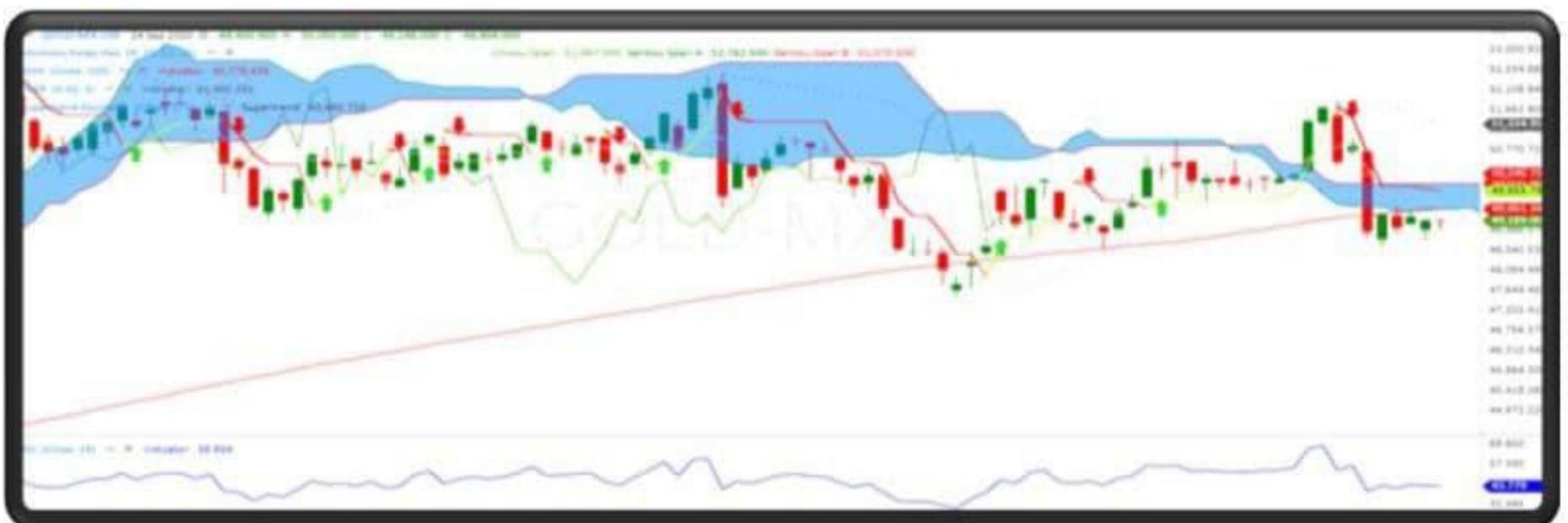
GOLD



News & Development

MCX Gold futures witnessed decline during the January month so far amid reports of various vaccine developments across the globe. Moreover, United States and Europe has again witnessed further rise in Covid-19 cases which has brought fears in the global market. This eventually had brought lower buying in gold prices which is among the riskier assets traded in the global markets. Simultaneously, rising Indian and global equity markets led to limited demand for gold in the domestic markets. By 14th January, MCX Gold futures closed at Rs. 49221/10 grams, lower by 1.89% compared to Rs.50151/10 grams reported on 31st December.

Fundamentally for the coming month, we expect international Gold futures to continue to trade bearish as Joe Biden has unveiled a \$1.9 trillion coronavirus relief proposal, aimed at urgently combating the pandemic and economic crisis triggered. In addition, U.S. health officials hope new COVID vaccine rules can ease latest surge, after the Trump Administration recently rolled out the vaccine doses which they kept it as reserves. The US dollar index has rebound from a nearly three-year low and is expected to be sluggish after Federal Reserve Chair Jerome Powell said recently that interest rates would not rise anytime soon. Moreover, Gold prices could see correction as ETF investments in gold has shown a slowdown with recoveries in the 10-year bond yields in the U.S. Elsewhere, China's economic recovery has accelerated in the fourth quarter of 2020 to 6.1% after the third quarter's 4.9% expansion, driven by stronger demand at home and abroad and policy stimulus which is expected to provide a solid boost into 2021. Furthermore, China's exports grew more than expected in December, albeit at a slower pace than the month before, as global demand for Chinese goods remained solid, while import growth quickened, as per the Customs data. Overall, we expect bearish trend in MCX Gold futures for the month ahead.



On the daily chart, MCX Gold (Feb) has closed below its **200 Days "Simple Moving Average"** which indicates weakness in the counter. Also, Gold has been trading below its **"Parabolic SAR"**, which suggests bearish movement in the counter. Moreover, price has given a breakdown of its **"Ichimoku Cloud"** which signals bearishness in the counter. Furthermore, momentum indicator **RSI (14)** has remained below its 50 level which suggests negative momentum. Moreover, **Super Trend (7,1)** indicator has shown a sell signal which indicates a downward bias. **So, based on the above technical structure one can initiate a short position in MCX Gold (Feb) future at CMP 49200 or a rise in the prices till 49260 levels can be used as a selling opportunity for the downside target of 48400. However, the bearish view will be negated if MCX Gold (Feb) closes above the resistance of 49650.**