

Gold prices remain firm near 5-month highs hit last week as lingering inflation fears and disappointment on the US monthly job numbers preserved the appetite for precious metal.

Global Economy

- Global equities gained last week. US Dow Jones index gained 1.32 percent. European peers were higher. Meanwhile, China's SSE index gained 2.09 percent. Among Asian peers, India's Sensex gained while China's SSE index and Japan's NIKKEI shed.
- US economy added 559000 jobs Non-Farm sector in May of 2021, above an upwardly revised 278000 in April, leaving the employment about 7.6 million jobs below its peak in February 2020
- US ISM Manufacturing PMI rose to 61.2 in May of 2021 from 60.7 in April, pointing to slightly stronger growth in factory activity

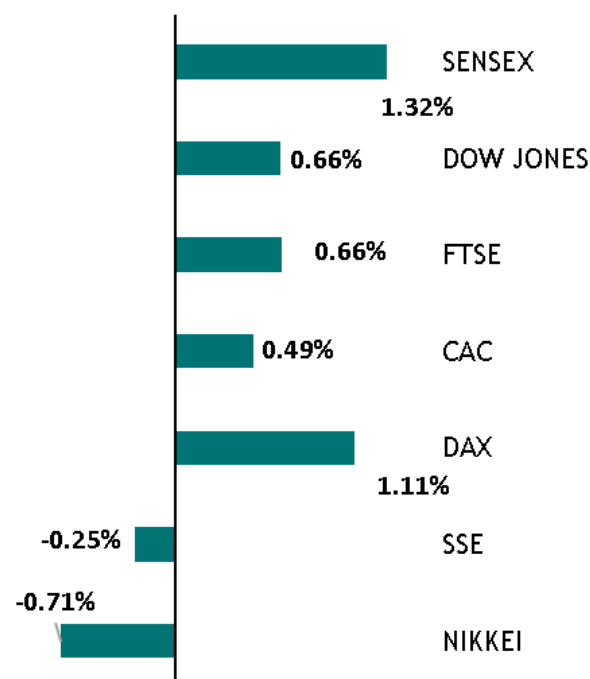
Currencies

- Greenback settled with moderate gains of 0.12 percent against the rival currencies after testing a three week in previous week.
- Euro and Chinese Yuan slipped lower against US dollar. while Japanese Yen managed to close on a positive territory against US dollar.
- Indian Rupee slipped as well in previous week and finally closed with loss by 0.63 percent and settled at 72.86 marks against dollar.

Gold

- Gold prices hovered near five month high. In the last week, LBMA spot gold COMEX gold futures shed 0.67 percent last week.
- India's domestic Mumbai spot prices of gold eased 0.20 percent, MCX futures prices gained 0.12 percent during last week.
- The SPDR gold backed ETFs physical holdings increased by 2.57 percent in May and eased in the first week of June.
- Global gold ETFs lost 18.3 tonnes equivalent of USD 1.1 billion, or -0.5% of AUM in April - World Gold Council

Indices



Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	90.136	0.12%
Euro/US Dollar	1.2165	-0.20%
US Dollar/ Japanese Yen	109.49	0.29%
US Dollar/ Indian Rupee	72.86	-0.63%
US Dollar/ Chinese Yuan	6.3945	-0.42%

*Currency rates mentioned above are Friday closing rates

Key Data/Events for the week

Day	Data/Events
Monday	China-Trade Balance
Tuesday	Euro-Zone GDP
Wednesday	China -Inflation
Thursday	ECB Policy Decision
Thursday	US - Inflation



Gold hit 5-month high, retreats later

Gold prices hit almost five month high in the first week of June. The precious yellow metal continued to gain strength on lingering worries over inflation and slow recovery of US labour market. A relatively softer dollar also improved appetite for gold. However during last week, gold prices displayed moderate performance after hitting a monthly high as some upbeat data from US and European area dent the safe haven sentiments in gold. But as the week ended, a mildly disappointing US job data that weakened US dollar, offered some support for gold.

Gold prices exhibited moderate performance

The LBMA spot gold declined 0.67 percent at USD1889.97 an ounce in the last week. In the meantime, India's domestic Mumbai spot gold eased 0.20 percent to Rs.48700 per 10 grams. COMEX gold futures eased 0.67 percent and closed at USD1889.80 an ounce last week. MCX gold futures ticked up moderately by 0.12 percent in the last week and closed at Rs.48600 per 10 grams.

US Dollar languish as May job numbers increase below expectations

The US dollar hit the lowest level since early January as the Federal Reserve keep the monetary policies dovish in the past few sessions as the economy is still recovering from the pandemic impact. US monthly job numbers increase at a slower pace than expected adding 559000 jobs in the month of May. The supply constraints, rising inflation and labour shortages are weighing on capacity production as many workers, remain at home and government subsidies may discourage some workers to find a job. The US businesses have been struggling to rehire workers to cope with surging demand, prompting them to raise wages in a bid to attract new employees.

Mali gold mining revenue rises 13% in 2020 due to higher prices

State revenue from gold mining companies in Mali rose 13% in 2020 YoY to USD850 million, lifted by higher global prices for the metal during the pandemic. Mining, mostly for gold, is a pillar of the country's economy, accounting for almost 10% of gross domestic product (GDP) last year.

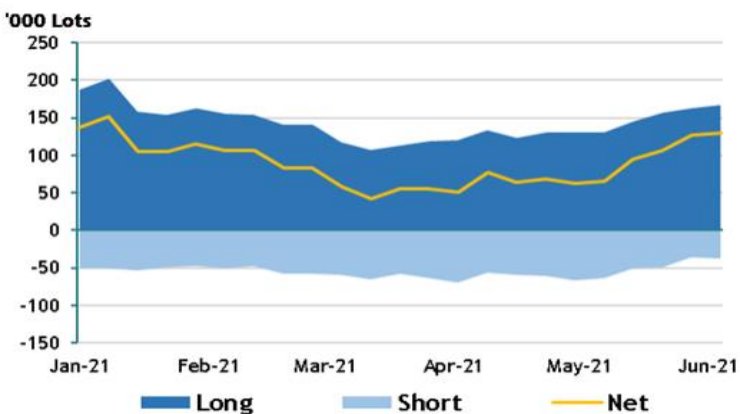
SPDR ETF holdings increased in May, eased in first week of June

The SPDR gold backed ETFs physical holdings increased by 2.57 percent in May after a seventh monthly outflow till April. The physical holdings of gold backed ETFs with SPDR gold trust declined 0.14 percent in the first week of June. The total physical holdings with SPDR is around 33.49 million troy ounces in the week ended June 4.

Money Mangers add net longs in COMEX Gold F&O

The hedge funds and money managers increased their bullish and bearish positions in COMEX gold contracts in the week ended June 4, and the net longs in gold contracts increased.—U.S. Commodity Futures Trading Commission (CFTC).

Money Managed Gold F&O Positions in COMEX



Spot Market Prices

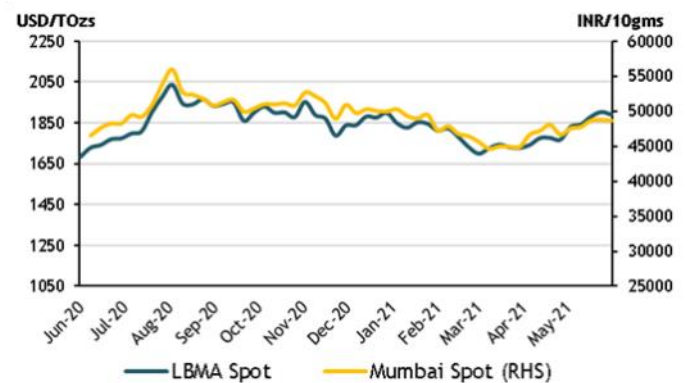
Market	Close Price	WoW % Chg	YoY % Chg
LBMA	1889.97 (\$/Ozs)	-0.67%	9.48%
Mumbai	48700 (RS/10gm)	-0.20%	3.40%

Futures Market Prices

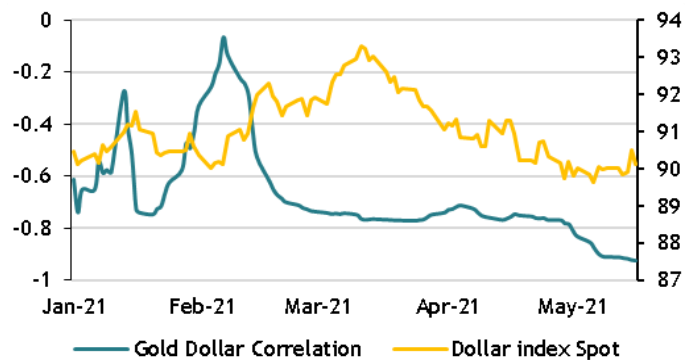
Market	Close Price	WoW % Chg	YoY % Chg
COMEX	1889.80 (\$/Ozs)	-0.67%	9.53%
MCX	48600 (RS/10gm)	0.12%	4.64%

*Near month futures contracts in respective exchanges
*Prices mentioned above are Friday closing rates

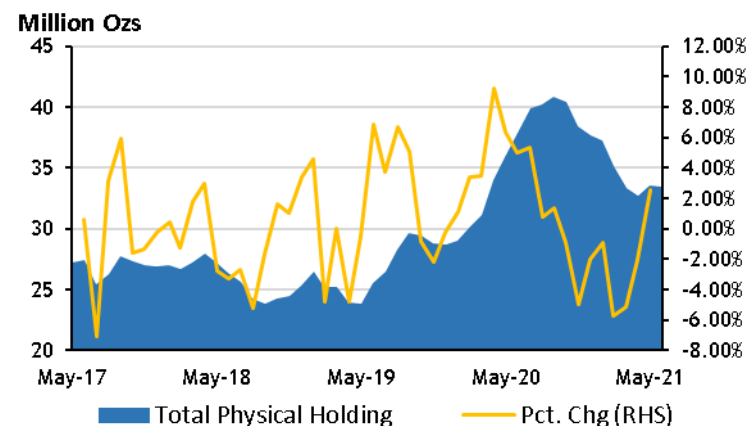
LBMA Vs Mumbai Spot Prices



Gold - U.S. Dollar Correlation



SPDR ETF Gold Physical Holdings (Ozs)





Outlook

International Gold: Inflation worries and a soft US job market numbers continue to support the metal's demand as an investment asset. A weak US dollar and concerns over the third wave of Covid 19 in many emerging markets too assisted the metal to edge higher. Meanwhile, an increase in global industrial growth, rising global equities and limited physical market activities unlikely to retain the positive momentum.

Domestic Gold: A strong INR and limited physical market activities due to pandemic related lockdown in many parts of the country limited gains despite its overseas sentiment was positive.

Technical View: London Spot: Prices required to break and sustain above \$1915 are needed to continue rallies. Else, there are chances of immediate correction in prices.

MCX: Expect a choppy trade inside Rs 49700-47000 levels initially and breaking any of the sides would suggest a fresh direction to the commodity.

Trading Outlook		
	London Spot	MCX Kg Aug
Weekly View	MILD POSITIVE	MILD POSITIVE
Short Term View	RANGE BOUND	MILD POSITIVE
Technical Levels		
Trading Range	\$1990-1665	Rs 52000-46500
Resistance 1	1925	49200
Resistance 2	1990	50550
Resistance 3	2070	52000
Pivot	1860	48500
Support 1	1865	47900
Support 2	1790	46400
Support 3	1675	44800

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