

GOLD REPORT

17 May 2021



Gold prices soared to a three month high on last week, aided by a weaker dollar due to lower than expected US jobs data released for April.

Global Economy

- Global equities were under pressure on rising inflationary trend. US Dow Jones index shed 1.14 percent. Most of the European and Asian peers were lower. Meanwhile, China's SSE index gained 2.09 percent.
- US inflation rate soared to 4.2 percent in April of 2021 from 2.6 percent in March. It is the highest reading since September of 2008
- China's annual inflation rate jumped to 0.9 percent in April 2021 from 0.4 percent a month earlier. This was the highest reading since September 2020.

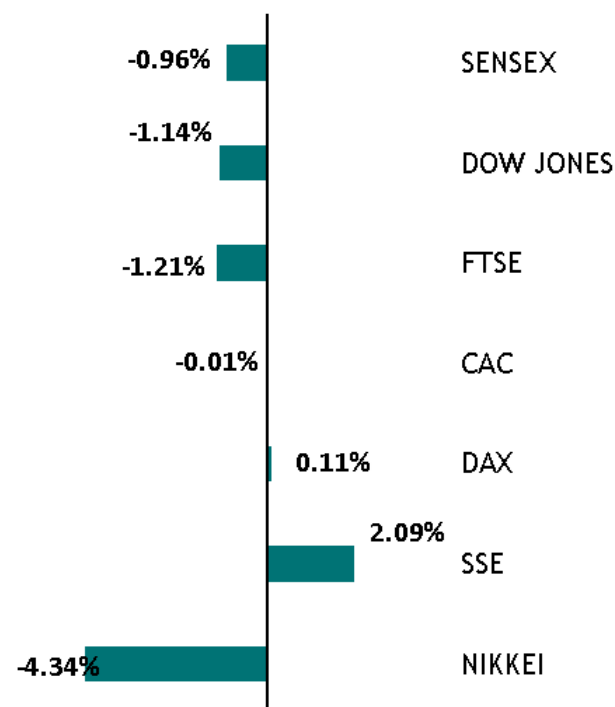
Currencies

- US Dollar Index ticked higher by 0.10 percent weekly decline and settled at 90.32 marks.
- Euro eased against dollar by 0.19 percent last week. Chinese Yuan eased 0.09 percent, while Japanese Yen shed 0.68 percent against dollar.
- Indian Rupee eased moderately by 0.05 percent last week to 73.29 points against dollar.

Gold

- Gold prices hovered near three month high. In the last week, LBMA spot gold gained 0.64 percent last week while COMEX gold gained 0.37 percent.
- India's domestic Mumbai spot prices of gold gained 0.42 percent, MCX futures prices eased 0.16 percent during last week.
- Global gold ETFs lost 18.3 tonnes equivalent of USD 1.1 billion, or -0.5% of AUM in April - World Gold Council
- Gold import in India zoomed to \$6.2 billion for the month of April due to a surge in domestic demand in March

Indices



Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	90.321	0.10%
Euro/US Dollar	1.214	-0.19%
US Dollar/ Japanese Yen	109.34	-0.68%
US Dollar/ Indian Rupee	73.29	-0.05%
US Dollar/ Chinese Yuan	6.4367	-0.09%

*Currency rates mentioned above are Friday closing rates

Key Data/Events for the week

Day	Data/Events
Monday	China - Industrial Production
Wednesday	US - FOMC Meeting Minutes
Thursday	China - PBoC Loan Prime rate



Gold hover at 3-month high

Gold prices revived in April and the trend has continued through in May. The metal soared to a three month high on 10th May, aided by a weaker dollar due to lower-than-expected US jobs data released for April, pointing to a still relatively weak labour market. Moreover, building inflationary pressures as a result of unprecedented levels of stimulus injected into the global economy, as well as expectations that interest rates will remain close to zero for a longer period provided support to the metal.

Benchmark prices steadied last week

The LBMA spot gold settled higher by 0.64 percent at USD1842.19 an ounce in the last week. In the meantime, India's domestic Mumbai spot gold gained 0.42 percent to Rs.47800 per 10 grams.

COMEX gold futures eased few ticks last week and settled at USD1837.90 an ounce shedding 0.37 percent last week. MCX gold futures edged down moderately by 0.16 percent in the last week and closed at Rs.47676 per 10 grams.

India imports USD 6.2 billion gold in April

Gold import in India zoomed to \$6.2 billion for the month of April due to a surge in domestic demand, according to the Commerce Ministry data.

Global Gold ETF outflows continue, but slow with gold price strength

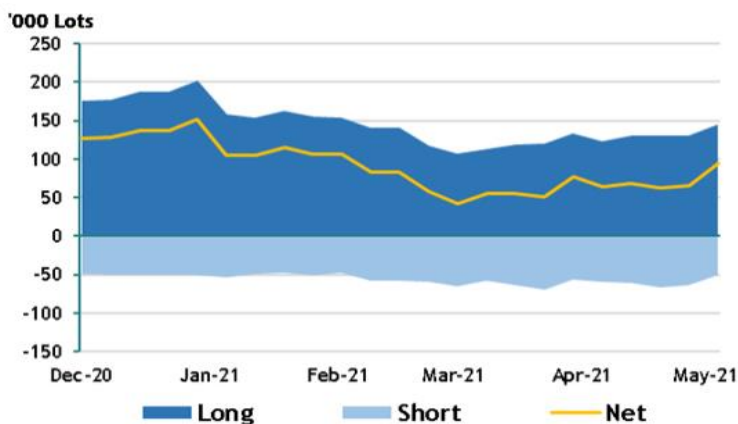
The world gold council reported that the Global gold ETFs lost 18.3 tonnes equivalent of USD1.1 billion, or -0.5% of assets under management in April, marking outflows for five of the past six months. However, global outflows slowed significantly, as European funds added assets for the first time since January. Global assets under management (AUM) stand at 3,567 tonnes or USD203.0 billion, after slipping below \$200 billion for the first time in over a year during March. Since the peak asset levels in November 2020, gold ETF AUM has fallen nearly 14%, with 8% coming from outflows and 6% coming from the gold price selloff in US dollar terms.

The SPDR gold backed ETFs physical holdings increased so far in May after a seventh monthly outflows till April. The physical holdings of gold backed ETFs with SPDR gold trust added up by 0.71 percent so far in May after declining 1.97 percent in April. The total physical holdings with SPDR is around 32.93 million troy ounces in the week ended May 14.

Money Mangers add net longs in COMEX Gold F&O

The hedge funds and money managers increased their bullish and reduced bearish positions in COMEX gold contracts in the week ended May 14, and the net longs in gold contracts increased as reported by the U.S. Commodity Futures Trading Commission (CFTC).

Money Managed Gold F&O Positions in COMEX



Spot Market Prices

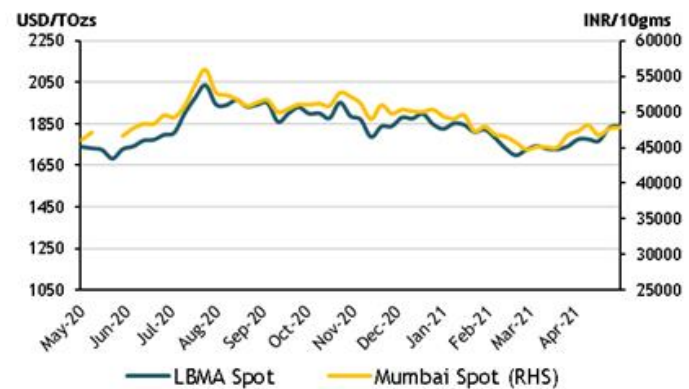
Market	Close Price	WoW % Chg	YoY % Chg
LBMA	1842.19 (\$/Ozs)	0.64%	9.65%
Mumbai	47800 (RS/10gm)	0.42%	5.29%

Futures Market Prices

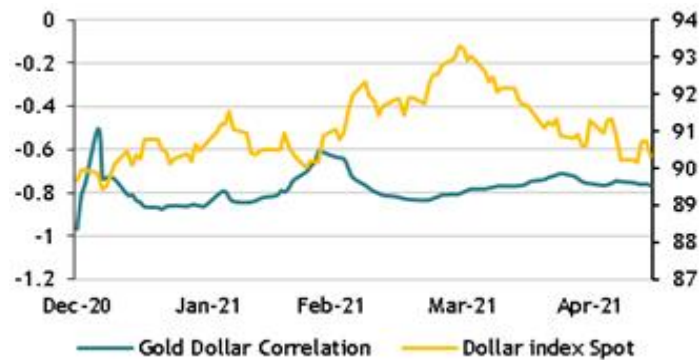
Market	Close Price	WoW % Chg	YoY % Chg
COMEX	1837.90 (\$/Ozs)	0.37%	4.93%
MCX	47676 (RS/10gm)	-0.16%	4.08%

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

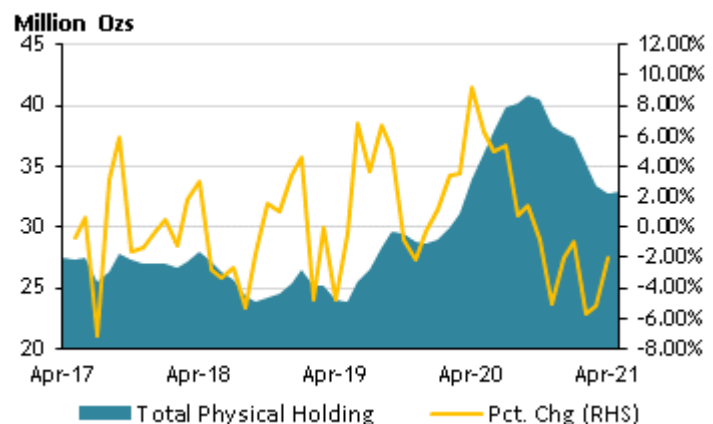
LBMA Vs Mumbai Spot Prices



Gold - U.S. Dollar Correlation



SPDR ETF Gold Physical Holdings (Ozs)





Outlook

International Gold: Recovery momentum may continue as prices remain supported by feeble US economic releases and a softer dollar. Raising worries over conflicts between Israel and Palestine and second wave of coronavirus infections in many counties too lifts the safe haven appeal of the yellow metal. Anyhow, for medium to long term prospect, prices may held choppy with limited upside as its key fundamentals likely to put pressure on prices.

Domestic Gold: A firm overseas prices and a weak domestic currency likely to support domestic gold in the immediate run.

Technical View: London Spot: While prices stay above \$1800 expect rallies to continue with stiff resistance is seen at \$1880 followed by \$1920 levels later. A close below \$1765 is required to negate the short term bullish expectation and take prices lower.

MCX: As long as Rs 47200 hold the downside, expect the momentum to continue in the near term. However, an unexpected drop below Rs 46000 is a sign of weak momentum.

Trading Outlook		
	London Spot	MCX Kg Jun
Weekly View	POSITIVE	POSITIVE
Short Term View	RANGE BOUND	RANGE BOUND
Technical Levels		
Trading Range	\$1980-1765	Rs 43200-51800
Resistance 1	1880	48800
Resistance 2	1920	50220
Resistance 3	1985	51850
Pivot	1800	46800
Support 1	1760	45400
Support 2	1665	43200
Support 3	1545	41000



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