

GOLD



News & Development

MCX Gold futures witnessed bullish movement during the May month so far amid reports of second wave and third wave of covid-19 in India and the Asia-Pacific 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 17th May, MCX Gold futures closed at Rs. 48969/10 grams, higher by 4.11% compared to Rs.47035/10 grams reported on 30th April.

Fundamentally for the coming month, we expect international Gold futures to continue to trade bullish as in flows into bullion-backed exchange-traded funds signalling a boost to investor sentiment. Expectations for further increases in consumer prices could start to bolster demand for gold as a hedge. 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. Investors will turn to the minutes from the Federal Reserve's April meeting in the near future for potential clues to officials' views on the recovery and how they define transitory" when it comes to inflation. Fed Vice Chair Richard Clarinda said recently that the weaker-than-expected U.S. jobs report for April showed the economy had not yet reached the threshold to warrant scaling back the central bank's massive bond purchases. Meanwhile, Fed Bank of Dallas President Robert Kaplan said supply and demand imbalances and base effects will contribute to elevated inflation this year, but he expects price pressures to ease in 2022. Investors are also worried regarding potential monetary policy tightening in the coming meeting by FED that could weigh on the industrial and retail sectors.



On the daily chart, MCX Gold (June) future has been rising in upward **Bullish Channel** from last couple of days. Moreover, the price has also given breakout of **Cup & Handle Pattern** which supports to the bullish trend. In addition, on a weekly time frame, Gold gave breakout of **Bullish Flag Pattern** with good volume which support to bullish trend for the long term. Moreover, the price has been trading above **Ichimoku Cloud & 50 Exponential Moving Average** which confirms bullish strength in the near future. Furthermore, an oscillator **Stochastic RSI** is also supportive for the long position with positive crossover. In COMEX, Gold has strong support at \$ 1830 and rising continuously in bullish channel with **Higher Highs and Higher Lows** formation. **Hence, based on above technical structure one can initiate a long position in MCX Gold (June) future at CMP 48350 or a fall in the prices till 48230 levels can be used as buying opportunity for the upside target of 49200. However, the bullish view will be negated if MCX Gold (June) future close below the support level of 47880.**