

SILVER REPORT

10 January 2022



Silver prices dipped to weekly low amid subdued appetite for safe assets and on hawkish expectations from US Fed.

Global Economy

- Equity gauges across globe displayed mixed signals amid Fed's hawkish signals and rising Omicron variant's infection rates.
- Minutes from the Fed's December meeting signalled that officials are ready for aggressive roll back of stimulus. Committee expressed concern about inflation and said the jobs market is nearing full employment.
- US economy added 199,000 jobs in the last month of 2021, below market expectation and previous months addition as the rapid spread of Omicron variant affected labour market recovery.
- US unemployment rate ticked lower to 3.9 percent, the lowest since February 2020.
- US ISM Manufacturing PMI fell to 58.7 in December of 2021 from 61.1 in November. The reading pointed to the weakest growth in factory activity since January 2021.

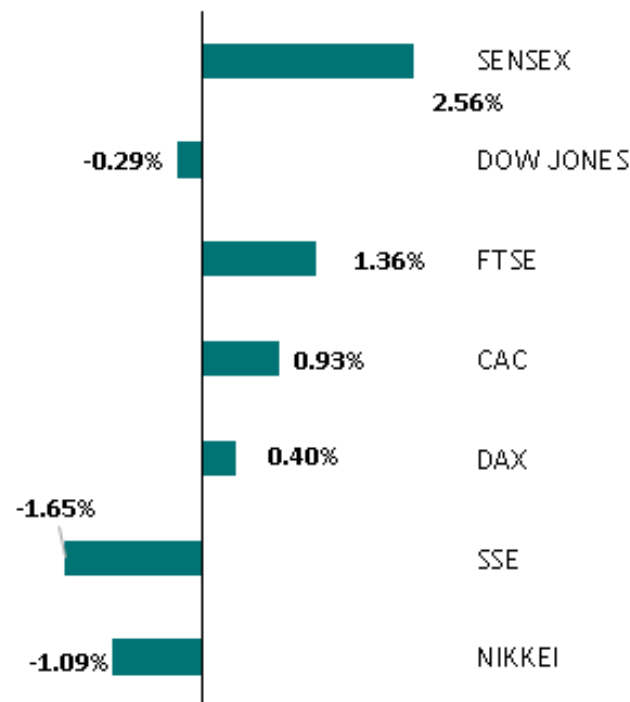
Currencies

- US Dollar index eased 0.26 percent to 95.719 marks, against a basket of six currency rivals last week.
- Euro shed 0.08 percent against USD. Japanese Yen eased 0.41 percent while Chinese Yuan eased 0.39 percent.
- Indian Rupee gained 0.26 percent to 74.271 against USD in the last week.

Silver

- Silver prices in LBMA fell 4.16 while COMEX silver fell 4 percent.
- India's domestic silver spot prices fell 2.59, MCX futures fell 3.28 percent
- Physical holdings of Silver backed ETFs with iShare silver trust declined in December.

Indices



Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	95.719	-0.26%
Euro/US Dollar	1.1359	-0.08%
US Dollar/ Japanese Yen	115.55	-0.41%
US Dollar/ Indian Rupee	74.271	0.26%
US Dollar/ Chinese Yuan	6.3769	-0.39%

*Currency rates mentioned above are Friday closing rates

Key Data/Events for the week

Day	Data/Events
Wednesday	China - Inflation
Wednesday	US - Inflation
Friday	China-Trade Balance



Silver prices pared 2-weeks' gain

Silver prices dipped to some weekly low in the last week amid subdued safe haven demand and a steady US dollar. In the year 2021, silver prices slipped significantly but managed to trade above USD 22 per troy ounce, except in few occasions when prices made short-lived visits below the mentioned level. Towards the end of 2021, investments demand gradually moved to risky assets pressuring precious metals.

LBMA spot prices of silver in shed 4.16 percent and settled at USD 22.3 an ounce. Silver spot prices in India's domestic Mumbai market fell 2.59 percent to Rs.60200 per kilogram last week.

In COMEX platform, the silver futures prices settled at USD 22.39 per ounce after shedding 4.00 percent in the last week. The near month MCX silver futures prices fell 3.28 percent WoW and settled at Rs.60607 per kilogram.

Fed minutes signals hawkish tone

The FOMC policymakers pointed to a reduction in bond holdings in the coming months, also expressed concern about inflation and said the jobs market is nearing full employment. This would open door for few basis point hikes from Fed in this year. US dollar index, that measures greenback against a basket of six currencies, steadied above 96 marks and in the vicinity of recent high.

In the meantime, the US non-farm payrolls for the month December has showed an unexpected decline, indicating that the Omicron outspread has impacted the labor market recovery in the key economy.

iShare Silver ETFs declined in December

Total physical holdings of Silver backed ETFs with iShare silver trust declined by 3.26 percent in December after a moderate 0.36 percent inflows in November. In the first week of January, the ETFs declined moderately. The total physical holdings in silver with iShare silver trust is more than 530.61 million troy ounces in the week ended January 7.

COMEX Money Managers add net longs in Silver F&O

Data from U.S. Commodity Futures Trading Commission (CFTC) showed that the hedge funds and money managers increased both bullish and bearish positions in COMEX silver contracts and the net long positions increased in the week ended January 7.

Gold - Silver Ratio at 80.45 ounces

Gold/Silver Ratio is the amount of silver it takes to purchase one ounce of gold. One ounce of gold was at 80.45 ounces of silver on Friday. Higher ratio is generally considered as a bullish signal in silver for a near term.

Spot Market Prices

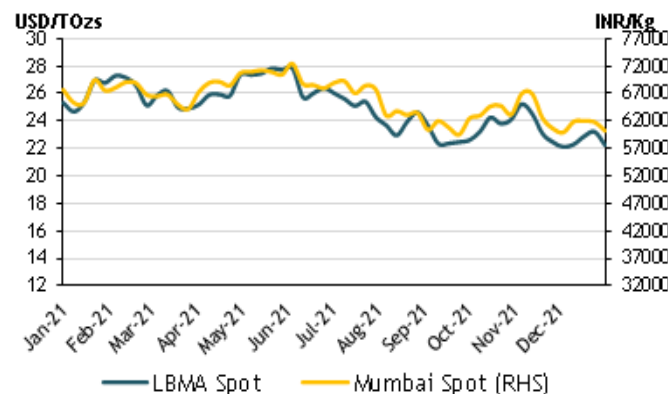
Market	Close Price	WoW % Chg	YoY % Chg
LBMA	22.3 (\$/Ozs)	-4.16%	-17.41%
Mumbai	60200 (Rs/Kg)	-2.59%	-13.40%

Futures Market Prices

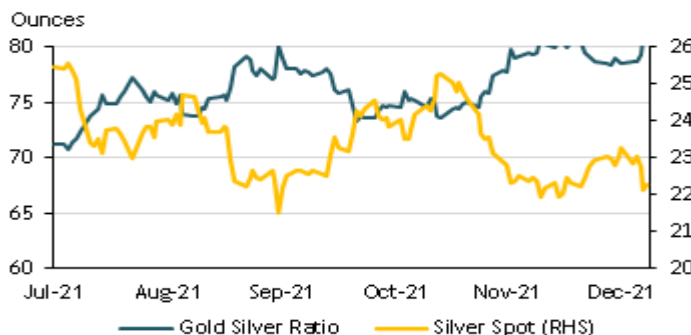
Market	Close Price	WoW % Chg	YoY % Chg
COMEX	22.39 (\$/Ozs)	-4.00%	-16.75%
MCX	60607 (Rs/Kg)	-3.28%	-13.05%

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

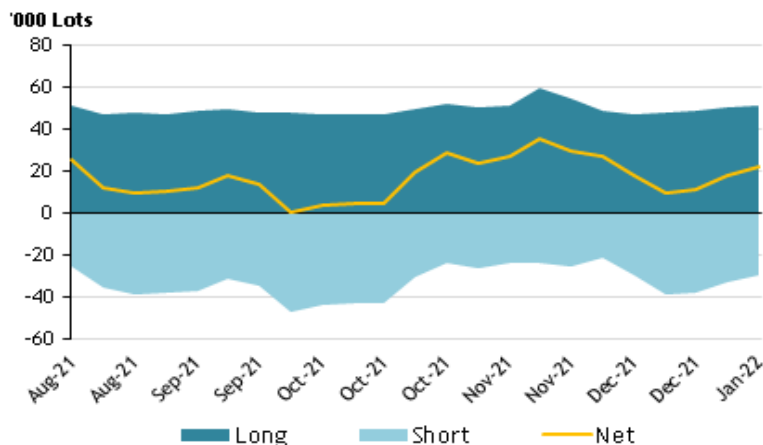
LBMA Vs Mumbai Spot Prices



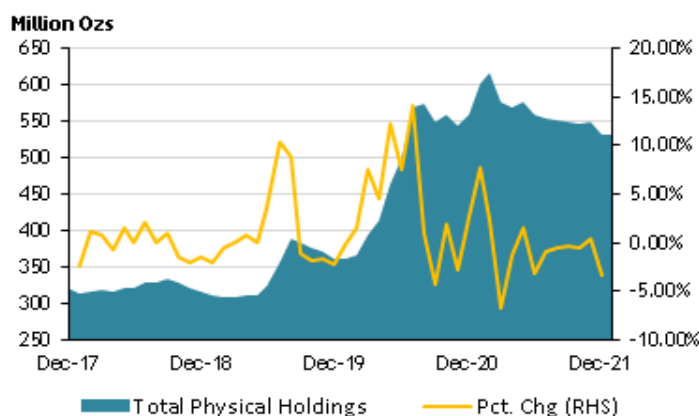
Gold - Silver Ratio



Money Managed Silver F&O Positions in COMEX



iShare Silver Trust ETF Physical Holdings (Ozs)



Daily PREC.M.XAG=

20.05.2019 - 14.04.2022 (GMT)



Outlook

Prices continue to stay choppy with mild negative due to easing safe haven demand. A rise in global equities and other risky assets coupled with firm US greenback weighed down the sentiments of the precious metal. However, a possible industrial demand picks up, especially from China, may dent major downside in the commodity. Looking ahead, central banks' policy decisions on interest rates and tapering of stimulus likely to influence its price in short run.

COMEX: Major support is seen at \$21, a direct drop of which would liquidate prices further. If unable to do so expect recovery upticks but unlikely for major rallies unless breaking the resistance of \$26.

MCX: Prices would track its overseas sentiments and a likely range bound trade inside Rs 74500-56000 initially. Anyhow, breaking any of the sides would suggest a fresh direction to the commodity.

Trading Outlook

	COMEX Feb	MCX Kg Feb
Weekly View	MIL POSITIVE	MILD POSITIVE
Short Term View	RANGE BOUND	RANGE BOUND
Technical Levels		
Trading Range	\$29.20-21	Rs 74200-49020
Resistance 1	25.40	63800
Resistance 2	27	68200
Resistance 3	29.20	76000
Pivot	24.50	68200
Support 1	21.30	59800
Support 2	18.60	56600
Support 3	17.40	54000

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