



FOR PRIVATE CIRCULATION ONLY

10 April 2018

## MARKET OUTLOOK

MCX Gold and Silver may note mixed trade in line with international market but buy on dips is suggested. COMEX gold trades near \$1335/oz after yesterday's gain. Weighing on gold price is some stability in equity markets amid expectations that US and China may resolve their trade disputes through negotiations. However, trade worries are far from over as both nations have announced plans to impose trade tariffs against each other and none are likely to back down immediately. Also supporting gold price is weakness in US dollar amid disappointing US jobs report, concerns about Trump administration amid ongoing investigation into Russia's role in 2016 elections and uncertainty about economic impact of US trade policies. Dallas Fed President Robert Kaplan said trade issues between the U.S. and China won't get resolved soon and warned of potential damage if the dispute is prolonged. Also supporting price are geopolitical issues amid tensions relating to Syria and tensions between US and Russia. Also supporting gold price is ETF inflows which show buying interest in the metal. Gold may witness choppy trade reflecting volatility in equity market and US dollar however we maintain buy on dips view until risk sentiment improves significantly.

COMEX Silver trades weaker near \$16.45/oz amid rangebound movement in gold and gains in industrial metals. Stability in equity market has lent some support to industrial metals but has kept gold in a range. Equity markets may continue to witness choppy trade as market players assess US-China trade conflict and this may result in mixed trade in gold and industrial metals and keep silver price choppy. Amid other factors, silver ETF investors moved to sidelines after some inflows last week as market players await from clarity on price trend. The spot gold silver ratio eased yesterday as silver outperformed but is still holding near 81 levels. Silver may remain choppy but we expect to see buying interest at lower levels.

Focus will continue to be on development relating to US-China trade policies which will affect US dollar as well as risk sentiment. Also in focus will be US economic data and comments from Fed officials.

Commodity	Close	Support	Resistance	Trend
Gold	30759	30550	30850	Sideways
Silver	38545	38100	38800	Sideways

### COMEX as on 09-Apr-18

#### Gold (US dollar per troy ounce)

Contract	High	Low	Close	Change	% Change
Apr-18	1337.5	1327.0	1336.3	4.4	0.3%
Jun-18	1341.5	1330.1	1340.1	4.0	0.3%

#### Silver (US dollar cents per troy ounce)

May-18	1654.0	1629.5	1652.9	16.7	1.0%
Jul-18	1661.0	1638.0	1660.5	16.3	1.0%

### MCX as on 09-Apr-18

#### Gold (Rupees per 10 grams)

Jun-18	30779	30642	30759	65	0.2%
Aug-18	30940	30815	30935	80	0.3%

#### Silver (Rupees per kilogram)

May-18	38572	38191	38545	310	0.8%
Jul-18	39088	38780	39075	263	0.7%

### Volume and OI Analysis (MCX)

	Gold	Vol (lots)	Change (%)	OI (lots)	Change (%)
Jun-18		6704	-43.3	7924	-0.5
Aug-18		122	-42.5	373	25.6
<b>Silver</b>					
May-18		12854	-37.2	21079	-11.0
Jul-18		492	-6.1	1559	6.8

### MCX Spread Matrix (Regular 1 KG)

Gold	Jun	Aug	Oct	Dec
Jun	0	-176	-363	-545
Aug			-187	-369
Oct				-182
Dec				0

### MCX Spread Matrix (Regular 30 KG)

Silver	May	Jul	Sep	Dec
May	0	-530	-880	-1805
Jul			-350	-1275
Sep				-925
Dec				0

### Options Monitor

	09-Apr-18	Previous	Change (%)
Call Volume (lots)	43	26	65.4
Put Volume (lots)	33	28	17.9
Call OI (lots)	242	221	9.5
Put OI (lots)	167	146	14.4
PCR Volume	0.77	1.08	-28.7
PCR OI	0.69	0.66	4.5



## SPREAD ANALYSIS

### Spread Monitor (Rs per 10 gram)

Gold	1kg	Mini	Guinea	Petal	Global	N-Hedge	N- Gold
1kg	0	84	-186	79		2903	#N/A
Mini		0	-270	-5		2819	#N/A
Guinea			0	265		3089	#N/A
Petal				0		2824	#N/A
Global					0		#N/A
N-Hedge						0	#N/A
N-Gold							#N/A

All contracts are first month contract; N-Hedge is NCDEX, N-Gold is NCDEX gold

### GOLD PARITY CALCULATOR

COMEX GOLD	1340.1
USDINR May	65.400
CUSTOMS DUTY	2932
LANDED COST	30969
MCX GOLD	30759
PREMIUM (USD/oz)	-10.0

The spread between MCX Gold June and NCDEX Gold hedge widened from Rs.2745/10 gram to Rs.2903/10 gram as MCX gold ended higher. Slack trading is affecting NCDEX prices. The latest gold import tariff stands at \$432/10 grams or about Rs.2930/10 gram. The gap between MCX Gold and NCDEX

gold should reflect tariff value but no major trading happening on NCDEX. COMEX gold trades near \$1335/oz amid continued choppiness in US dollar and equity market as market players assess impact of US-China trade policies. The gap between domestic and international futures (June) was near \$10/oz yesterday. Domestic price traded at a marginal discount indicating weaker buying interest. Higher price dented demand to some extent. Imports remained low. As per GFMS estimates, gold imports halved from a year ago to 52.5 tonnes in March. Choppiness in rupee has also affected the spread. Rupee has been trading near 65 levels amid choppiness in equity market as market players assess US-China trade conflict. Premium of silver futures over international prices was nearly 17 cents yesterday. The premium has been steady reflecting no major change in spot market demand.

### Spread Monitor (Rs per kg)

Silver	30 kg	Mini	Micro	1000	Hedge
30 kg	0	-11	-14		#N/A
Mini		0	-3		#N/A
Micro			0		#N/A
1000					#N/A
Hedge					#N/A

All contracts are first month contract; Hedge is NCDEX contract

### SILVER PARITY CALCULATOR

COMEX SILVER	16.529
USDINR Apr	65.143
CUSTOMS DUTY	3638
LANDED COST	38256
MCX SILVER	38545
PREMIUM (USD/oz)	0.14

## FUTURES MARKET ANALYSIS

**Gold-** COMEX gold trades in a narrow range near \$1335/oz after a minor 0.3% gain yesterday. Gold has been rangebound as market players are trying to assess US-China trade conflict. Both have threatened to impose trade restrictions against each other but at the same time officials have indicated possibility of negotiations to resolve the issue. Gold may witness choppy trade reflecting volatility in equity market and US dollar but we maintain buy on dips view unless risk sentiment improves significantly. Focus will continue to be on US economic data, comments from Fed officials and development relating to US and global trade policies.

Asian equity markets trade largely higher while DJIA futures point to a positive opening for US equity market. Risk sentiment improved amid expectations that US-China may resolve their trade disputes through negotiations. President Donald Trump expressed optimism the US will be able to reach a deal with China. Chinese President Xi Jinping at the opening ceremony of the Boao Forum for Asia annual conference said cold war and zero-sum mentalities were "out of place," and that he backed free trade and dialogue to resolve disputes. The US is considering tariffs on as much as \$150 billion worth of Chinese imports while China has vowed to respond with levies of its own on US imports. While both US and China have indicated willingness to negotiate, uncertainty will persist in the near term keeping risk sentiment low.

Also supporting gold price is weakness in US dollar. The US dollar index trades near 89.89 levels today after a 0.3% decline yesterday. The us dollar weakened on disappointing US jobs report, concerns about US-China trade conflict and uncertainty about Trump administration. Also supporting gold is geopolitical tensions. US has imposed sanctions against Russian individuals. US President also promised a "forceful" response to the alleged chemical attack in Syria. Syria also blamed Israel for a missile attack on its air-base. Gold holdings with SPDR ETF were unchanged at 859.9 tonnes after inflows last week.

**Silver-** COMEX Silver trades near \$16.4/oz after a 1% gain yesterday. Silver rose yesterday on back of gains in gold and most industrial metals on back of weaker US dollar. Silver holdings with iShares ETF were unchanged at 9959.22 tonnes. The spot gold silver ratio dipped from 81.4 to 80.9 as silver rose more than gold.



## TECHNICAL OUTLOOK




**Aurobinda Gayan- Vice President Research**
**[aurobinda.gayan@kotakcommodities.com](mailto:aurobinda.gayan@kotakcommodities.com)**
**Fundamental Team**

Faiyaz Hudani- DVP	Oilseeds Complex	<a href="mailto:faiyaz.hudani@kotakcommodities.com">faiyaz.hudani@kotakcommodities.com</a>
Madhavi Mehta- AVP	Bullion; Energy	<a href="mailto:madhavi.mehta@kotakcommodities.com">madhavi.mehta@kotakcommodities.com</a>
Priyanka Jhaveri- AVP	Base Metals	<a href="mailto:priyanka.jhaveri@kotakcommodities.com">priyanka.jhaveri@kotakcommodities.com</a>

**Technical Team**

Ashok Kamrani- Senior Manager	<a href="mailto:ashok.kamrani@kotakcommodities.com">ashok.kamrani@kotakcommodities.com</a>
Karan Shah- Manager	<a href="mailto:shah.karan@kotakcommodities.com">shah.karan@kotakcommodities.com</a>
Anup Sahu- Manager	<a href="mailto:anup.sahu@kotakcommodities.com">anup.sahu@kotakcommodities.com</a>

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CIN No. U65910MH1987PTC042230. Fax: +912224924696. Customer care no. 1800 102 6776. Website: [www.kotakcommodities.com](http://www.kotakcommodities.com).

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