



FOR PRIVATE CIRCULATION ONLY

11 September 2018

MARKET OUTLOOK

MCX Gold and Silver may trade with a downward bias tracking cues from international exchange. Domestic gold price will be supported by general weakness in rupee hence once must wait for higher levels to create fresh shorts. COMEX gold trades in a narrow range near \$1195/oz amid lack of fresh cues. The US dollar index trades little changed near 95.15 levels after a 0.2% decline yesterday. The US dollar corrected as signs of progress in Brexit talks pushed European currencies higher. The US dollar however remains supported by optimism about US economy, Fed's monetary tightening outlook and safe haven buying amid trade war worries and contagion fear in emerging markets. Also weighing on gold is continuing ETF outflows which show weaker investor interest. Gold holdings with SPDR ETF were unchanged at 745.443 tonnes yesterday, the lowest level since Feb.2016. Gold may remain in a broad range but sell on rise is suggested as optimism about US economy will keep US dollar supported.

COMEX Silver trades near \$14.15/oz amid rangebound movement in gold and most industrial metals. Lack of fresh cues and mixed trade in US dollar has kept commodities in a range. However, weighing on commodities is large is general upbeat outlook for US dollar, concerns about Chinese economy and intensifying US-China trade conflict. While silver price remain under pressure, ETF inflows show some buying interest. Silver holdings with iShares ETF rose by 29.23 tonnes to 10377.9 tonnes yesterday. The spot gold silver ratio was little changed from 84.5 to 84.4 as both gold and silver ended little changed.

Focus today will be on European and US economic data which will affect US dollar. Risk sentiment will be affected by development relating to US and global trade policies.

Commodity	Close	Support	Resistance	Trend
Gold	30715	30400	30800	Sideways
Silver	37494	37100	37750	Sideways

COMEX as on 10-Sep-18

Gold (US dollar per troy ounce)

Contract	High	Low	Close	Change	% Change
Oct-18	1198.5	1190.9	1194.5	-0.6	-0.1%
Dec-18	1203.8	1196.2	1199.8	-0.6	0.0%

Silver (US dollar cents per troy ounce)

Dec-18	1428.5	1411.0	1418.1	1.1	0.1%
Mar-19	1436.5	1422.0	1428.6	1.5	0.1%

MCX as on 10-Sep-18

Gold (Rupees per 10 grams)

Oct-18	30729	30495	30715	221	0.7%
Dec-18	30990	30746	30951	245	0.8%

Silver (Rupees per kilogram)

Dec-18	37527	37163	37494	327	0.9%
Mar-19	38304	37934	38289	364	1.0%

Volume and OI Analysis (MCX)

	Gold	Vol (lots)	Change (%)	OI (lots)	Change (%)
Oct-18		8723	-1.4	9354	10.8
Dec-18		542	-10.0	3681	5.5
Silver					
Dec-18		15071	-29.6	25895	-5.9
Mar-19		133	-26.1	488	3.0

MCX Spread Matrix (Regular 1 KG)

Gold	Aug	Oct	Dec	Feb
Aug	0	-236	-475	-704
Oct			-239	-468
Dec				-229
Feb				0

MCX Spread Matrix (Regular 30 KG)

Silver	May	Jul	Sep	Dec
May	0	-795	-1316	-1872
Jul			-521	-1077
Sep				-556
Dec				0

Options Monitor as on 10-Sep-18

Aggregate	Gold	Change (%)	Silver	Change (%)
Call Volume (lots)	867	-14.0	119	-4.8
Put Volume (lots)	1066	-1.3	43	10.3
Call OI (lots)	808	-8.7	579	0.3
Put OI (lots)	1283	14.1	198	-0.5
PCR Volume	1.23	14.8	0.36	15.8
PCR OI	1.59	25.0	0.34	-0.8
Turnover (crores)	591.7	-7.4	18.6	-0.8



SPREAD ANALYSIS

Spread Monitor (Rs per 10 gram)

Gold	1kg	Mini	Guinea	Petal	Global	N-Hedge	N- Gold
1kg	0	-10	286	35			#N/A
Mini		0	296	45			#N/A
Guinea			0	-251			#N/A
Petal				0			#N/A
Global							#N/A
N-Hedge							#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	1194.5
USDINR SEPT	72.538
CUSTOMS DUTY	2877
LANDED COST	30595
MCX GOLD	30715
PREMIUM (USD/oz)	5.2

NCDEX has discontinued trading for Gold Hedge. The latest gold import tariff stands at \$385/10 grams or about Rs.2875/10 gram. COMEX gold is choppy near \$1195/oz amid lack of fresh cues. Domestic gold price ended almost at parity yesterday. Volatility in rupee is affecting domestic gold prices. Rupee has seen some

stability today after hitting fresh record low level yesterday. Demand in physical market has improved with focus shifting to upcoming festival season. Imports rose last month on back of lower price. As per GFMS data, Indian imports stood at 92 metric tons in August as against 41 tons same month last year. GFMS estimates gross import this year to be 720 to 750 tonnes, as against 880 tonnes last year. As per latest World Gold Council report, Indian's gold demand fell 8% year on year to 187.2 tonnes in Q2. WGC however expect demand to pick up and total about 700 to 800 tonnes in 2018. Erratic monsoon has also added to demand uncertainty. Premium of silver futures over international prices has largely been near 15 cents but we have seen some volatility due to rupee movement.

Spread Monitor (Rs per kg)

Silver	30 kg	Mini	Micro	1000	Hedge
30 kg	0	-31	-30		#N/A
Mini		0	1		#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	14.181
USDINR NOV	73.345
CUSTOMS DUTY	3535
LANDED COST	36975
MCX SILVER	37494
PREMIUM (USD/oz)	0.22

FUTURES MARKET ANALYSIS

Gold- COMEX gold trades near \$1195/oz after a minor 0.1% decline yesterday. Gold is steady amid lack of fresh cues. However, weighing on price is general positive outlook for US dollar and weaker ETF investor interest. With no fresh factors, we are likely to see choppiness in gold price however the bias may be on the downside as optimism about US economy will keep US dollar supported. Focus today will be on US economic data and development relating to US and global trade policies.

Volatility in rupee is affecting domestic gold price. Indian rupee hit a record low level of 72.6738 against the US dollar yesterday on contagion fear in emerging market economies, trade worries and generally higher crude price. However, there are talks that Indian government has asked RBI to take measures to curb the sell-off in rupee.

The US dollar index trades little changed near 95.15 levels after a 0.2% decline yesterday. Pound rose on upbeat economic data and signs of progress in Brexit. The European Union's chief Brexit negotiator, Michel Barnier, has said it is "realistic" to believe that a Brexit deal can be agreed between the UK and the EU within the next two months. UK GDP rose 0.3% in July as against 0.2% growth. The US dollar is however supported by optimism about US economy amid upbeat non-farm payrolls data which further strengthens case for Fed's interest rate this month. Also supporting US dollar is safe haven buying amid trade war worries and contagion fear in emerging market economies. Further cues will come from US economic data, Fed comments and ECB and BOE interest rate decisions. Fed officials have started commenting on impact of trade worries.

Trade concerns persist as US and Canada failed to reach a deal on revamping NAFTA agreement. US-China trade worries are high as US President Trump has threatened to impose import duty on all of Chinese goods. US is also likely to take up trade issues with Japan. Gold holdings with SPDR ETF were unchanged at 745.443 tonnes, lowest level since Feb.2016, indicating weaker investor interest.

Silver- COMEX Silver trades near \$14.1/oz after 0.1% gain yesterday. Silver has stabilized amid rangebound movement in gold. ETF inflows also show buying interest in silver. However, weighing on silver is general upbeat outlook for US dollar, trade worries and concerns about China.



TECHNICAL OUTLOOK




Aurobinda Gayan- Vice President Research
aurobinda.gayan@kotakcommodities.com
Fundamental Team

Faiyaz Hudani- DVP	Oilseeds Complex	faiyaz.hudani@kotakcommodities.com
Madhavi Mehta- AVP	Bullion; Energy	madhavi.mehta@kotakcommodities.com
Priyanka Jhaveri- AVP	Base Metals	priyanka.jhaveri@kotakcommodities.com

Technical Team

Ashok Kamrani- Senior Manager	ashok.kamrani@kotakcommodities.com
Anup Sahu- Manager	anup.sahu@kotakcommodities.com

Disclaimer

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Commodity Services Private Limited. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.

We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Commodity Services Private Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice.

Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.

We do not have any information other than information available to general public. The report is based on information from sources like respective industry associations, FICCI, CII, companies, media and other public sources. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading may make trading decisions that are inconsistent with the recommendations expressed herein.

We and our affiliates, officers, directors, and employees worldwide may: (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions.

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject commodity and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

No part of this material may be duplicated in any form and/or redistributed without Kotak Commodity Services Private Limited's prior written consent.

Registered Office: Kotak Commodity Services Private Ltd., Nirlon house, 1st Floor, Dr. Annie Besant Road, Opp. Sasmira, Near Old Passport Office, Worli, Mumbai-400030.

CIN No. U65910MH1987PTC042230. Fax: +912224924696. Customer care no. 1800 102 6776. Website: www.kotakcommodities.com.

SEBI registration no.: INZ000044135. NCDEX/TCM/CORP/0479. MCX/TCM/CORP/0026. NCDEX - 00155. MCX - 10440.

Trading in commodities is subject to market risk and one should read the Risk Disclosure Document carefully prior to trading