



FOR PRIVATE CIRCULATION ONLY

26 June 2018

## MARKET OUTLOOK

MCX Gold and Silver may note mixed trade in line with international market but bias may be on the downside. COMEX gold trades near \$1265/oz holding on to recent losses. Supporting gold price is weakness in US dollar, sell-off in equity markets and drop in bond yields. Concerns about US led global trade war have dented risk sentiment. After imposing import tariffs on Chinese goods, US Trump administration now plans to put restrictions in technology investment. Meanwhile, US dollar has weakened on mixed economic data, lower yields and concerns about economic impact of trade war on US economy. However, weighing on gold price is monetary tightening outlook of major central banks and continuing ETF outflows which show weaker investor interest. Gold has fallen sharply and with deepening trade crisis some recovery is possible but we maintain sell on rise view as Fed's rate hike view will keep US dollar supported.

COMEX Silver trades mixed near \$16.3/oz amid rangebound movement in gold and weakness in most industrial metals. Gold is rangebound as weaker risk sentiment is countered by ETF outflows and monetary tightening outlook. Industrial metals are pressurized by concerns about economic impact of trade war. ETF outflows also show waning confidence about recent silver gains. The spot gold silver ratio rose from 77.2 to 77.6 as weakness in industrial metals pressurized silver. Silver may witness choppy trade along with gold and industrial metals but bias may be on the downside.

Focus today will be on 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	30657	30550	30750	Sideways
Silver	39645	39300	39850	Sideways

### COMEX as on 25-Jun-18

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

Contract	High	Low	Close	Change	% Change
Jun-18	1271.2	1265.6	1265.6	-1.8	-0.1%
Aug-18	1274.4	1265.5	1268.9	-1.8	-0.1%

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

Jul-18	1648.5	1629.0	1632.8	-13.1	-0.8%
Sep-18	1656.5	1637.0	1640.7	-13.2	-0.8%

### MCX as on 25-Jun-18

#### Gold (Rupees per 10 grams)

Aug-18	30738	30621	30657	47	0.2%
Oct-18	31048	30900	30956	44	0.1%

#### Silver (Rupees per kilogram)

Jul-18	39924	39584	39645	-151	-0.4%
Sep-18	40541	40254	40286	-146	-0.4%

### Volume and OI Analysis (MCX)

	Gold	Vol (lots)	Change (%)	OI (lots)	Change (%)
Aug-18	5015	-12.6	5954	-2.6	
Oct-18	48	-58.3	326	-3.0	

  

	Silver	Vol (lots)	Change (%)	OI (lots)	Change (%)
Jul-18	10005	-5.9	13067	-0.4	
Sep-18	1863	73.3	6449	9.6	

### MCX Spread Matrix (Regular 1 KG)

Gold	Aug	Oct	Dec	Feb
Aug	0	-299	-588	-882
Oct			-289	-583
Dec				-294
Feb				0

### MCX Spread Matrix (Regular 30 KG)

Silver	May	Jul	Sep	Dec
May	0	-641	-1581	-2512
Jul			-940	-1871
Sep				-931
Dec				0

### Options Monitor as on 25-Jun-18

Aggregate	Gold	Change (%)	Silver	Change (%)
Call Volume (lots)	754	18.7	298	14.2
Put Volume (lots)	329	-14.3	87	-12.1
Call OI (lots)	1766	7.1	984	-8.2
Put OI (lots)	1769	-1.7	457	-0.9
PCR Volume	0.44	-27.8	0.29	-23.0
PCR OI	1.00	-8.2	0.46	8.0
Turnover (crores)	336.3	6.7	46.8	7.5



## SPREAD ANALYSIS

### Spread Monitor (Rs per 10 gram)

Gold	1kg	Mini	Guinea	Petal	Global	N-Hedge	N- Gold
1kg	0	117	472	227		2825	#N/A
Mini		0	355	110		2708	#N/A
Guinea			0	-245		2353	#N/A
Petal				0		2598	#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	1268.9
USDINR Jul	68.370
CUSTOMS DUTY	2968
LANDED COST	30721
MCX GOLD	30657
PREMIUM (USD/oz)	-2.9

The spread between MCX Gold August and NCDEX Gold narrowed from Rs.2833/10 grams to Rs.2825/10 grams as MCX gold rose less. Slack trading is affecting NCDEX prices. The latest gold import tariff stands at \$417/10 grams or about Rs.2968/10 gram. The gap between MCX Gold and NCDEX gold should reflect tariff

value but no major trading happening on NCDEX. COMEX gold trades near \$1265/ as Fed rate hike expectations is countered by trade worries. The gap between international and domestic gold price was near \$3/oz yesterday. Domestic price trades largely at a discount but it varies as per outlook for rupee. Rupee trades near 68 levels on choppiness in crude oil and equity market. Physical demand remains weak as is evident from lower imports. According to GFMS estimates, gold imports dropped for the fifth consecutive month in May to 48 tonnes, as higher local prices restrained consumer demand. Gross import this year is expected to be 720 to 750 tonnes, as against 880 tonnes last year. As per World Gold Council, demand is expected to pick up later in the year on back of higher farm incomes. Premium of silver futures over international prices has been largely steady near 10 cents

### Spread Monitor (Rs per kg)

Silver	30 kg	Mini	Micro	1000	Hedge
30 kg	0	-14	-10		#N/A
Mini		0	4		#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	16.328
USDINR June	68.128
CUSTOMS DUTY	3879
LANDED COST	39643
MCX SILVER	39645
PREMIUM (USD/oz)	0.00

## FUTURES MARKET ANALYSIS

**Gold-** COMEX gold trades in a narrow range near \$1265/oz after a 0.1% decline yesterday. Gold hit a low of \$1262.4/oz last week, the lowest level since December 2017. Gold has recovered from recent lows on correction in US dollar index, weakness in equity market and intensifying global trade war worries. The sharp fall in gold has dented market sentiment and gold may continue to trade lower unless we see a sizeable correction in US dollar. Focus will be on economic data and development relating to trade.

The US dollar index trades near 94.2 levels after a 0.2% decline yesterday. Weighing on US dollar is mixed US economic data and concerns about economic impact of trade policies on the economy. US new home sales rose 6.7% to 689,000 units as against forecast of 667K. Dallas Fed manufacturing index rose from 26.8 to 36.5 as against forecast of 24.9. Chicago Fed Nat activity index fell to -0.15 as against forecast of 0.3. Harley-Davidson said Monday that it would shift some production out of the US in order to mitigate the impact of European Union tariffs targeting its motorcycles. Yen rose against the US dollar on safe haven buying while Pound remains supported by Bank of England support for another rate hike. However, supporting US dollar is Fed's expectations of two more rate hikes this year. Further cues will come from US economic data and Fed comments.

Asian equity markets trade lower after sharp losses in US market yesterday on deepening concerns about US led global trade war worries. Risk sentiment weakened as report noted that US Treasury Department is due to announce restrictions on Chinese investment in the US as well as enhanced export controls. US Treasury Secretary Steven Mnuchin on Monday said forthcoming investment restrictions would not be specific to China, but would apply "to all countries that are trying to steal our technology. Restrictive trade and investment policies will affect US and global economy. ETF outflows show weaker investor interest in gold. Gold holdings with SPDR ETF fell by 4.42 to 820.214 tonnes.

**Silver-** COMEX Silver trades near \$16.3/oz after a 0.8% decline yesterday. Silver fell yesterday on rangebound movement in gold and weakness in industrial metals. Industrial metals were pressurized by trade war worries and concerns about Chinese economy. Silver holdings with iShares ETF fell from 9962.49 to 9933.22 tonnes. The spot gold silver ratio rose from 77.2 to 77.6 as silver fell moe.



## TECHNICAL OUTLOOK




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