

KEDIA ADVISORY

GOLD

14 March 2025

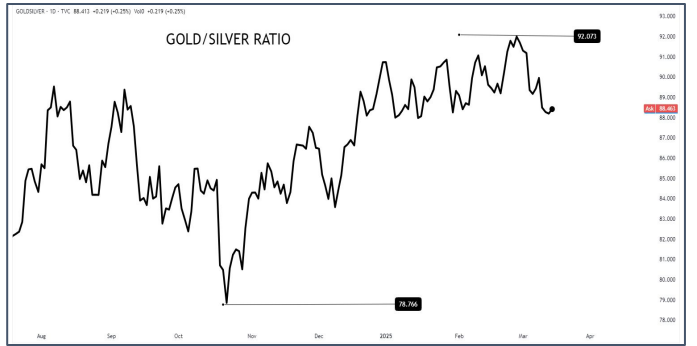
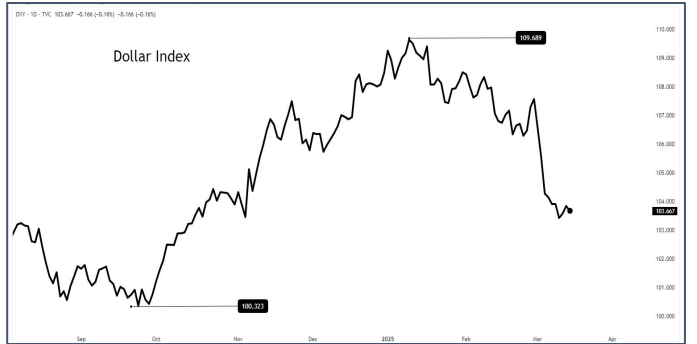
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Commodity	Price	Period (% Change)					
		1 Week	1 Month	3 Month	6 Month	1 Year	Ytd
MCX Gold	87775.00	2.02	2.28	12.58	20.53	33.20	14.37
Gold \$	2984.83	2.43	2.77	11.36	16.66	37.28	13.76



Strengths	Weaknesses
<ul style="list-style-type: none"> • Gold makes an all time high of 87866 as uncertainty over tariffs persisted and dollar index dropped over 6% from high of 110.17 in Jan 2025. • Cooler-than-expected U.S. inflation print also supported bullion by strengthening expectations of rate cuts. • China's gold reserves rose to 73.61 million fine troy ounces at the end of February, above 73.45 million in the previous month. • Global gold demand rose by 1% to a record high of 4,974.5 metric tons in 2024 - WGC • Central banks, bought more than 1,000 tons of the metal for the third year in a row in 2024. – WGC • Gold reserves in London vaults drop 0.68% in February - LBMA 	<ul style="list-style-type: none"> • India's Feb gold imports to hit 20 – year low, with demand sapped by record prices. • Gold demand in India was subdued owing to near-record high prices and jewellers' reluctance to purchase at the financial year's end. • India's gold demand could dip to 700 to 750 metric tonne in the current year, as against 802.8 tonne during the last year. • Weak consumer demand in China dampens gold's growth potential despite central bank purchases. • Fed Chair Powell says Fed does not need to hurry further rate decisions.
Opportunities	Threats
<ul style="list-style-type: none"> • Trump's tariffs are widely expected to stoke inflation and economic uncertainty. • Goldman Sachs raised its gold price forecast to \$3,100 per ounce from \$2,890 per ounce for end-2025. • Citi upgraded its three month price target to \$3,000 from \$2,800. • President Trump warned of additional tariffs on EU goods after EU and Canada retaliated against existing US trade barriers. • Global gold ETFs saw significant inflows in February totalling US\$9.4bn, the strongest since March 2022 – WGC • Gold leasing rates in India have doubled within a month to a record high, following the overseas market. 	<ul style="list-style-type: none"> • Rupee continued its downward trend, hitting an all-time low can impact domestic buying • Geopolitical easing (peace talk between Russia and Ukraine) could diminish safe-haven demand, curbing gold's upward momentum. • Led by a dampening jewellery demand, India's gold consumption in 2025 is set to moderate from last year's nine-year peak. • Fed is set to announce its policy decision next week, with markets widely expecting the central bank to keep rates unchanged. • As per weekly chart, gold prices showing in overbought zone

- **Escalating Trade War & Tariff Uncertainty** – Trump's 200% tariff threat on European alcohol, new levies on China, and retaliatory measures fuel economic instability, driving gold's safe-haven appeal.
- **Record Central Bank Gold Accumulation** – Central banks continue aggressive gold purchases in 2024 and are likely to increase their holdings in 2025, particularly in China.
- **Federal Reserve Rate Cut Expectations** – Markets anticipate at least three Fed rate cuts in 2025, lowering borrowing costs and increasing gold's attractiveness as a non-yielding asset.
- **Physical Gold Shortage & Supply Chain Disruptions** – Over 151 tonnes of gold were withdrawn from London to New York in January alone, tightening physical supply and delaying deliveries.
- **Weakening U.S. Dollar & Declining Treasury Yields** – The U.S. 10-year Treasury yield has dropped to 4.27%, while the Dollar Index (DXY) remains below 104, making gold a more attractive alternative.
- **Geopolitical Risks & Global Uncertainty** – Ongoing Russia-Ukraine tensions, U.S.-China trade disputes, and Iran's aggressive gold stockpiling (+300% YoY) are fueling demand.
- **Strong Physical Demand & ETF Inflows** – Comex vaults now hold 1,250 tonnes of physical gold, while gold-backed ETFs recorded a 15% increase in inflows in 2024.
- **Inflationary Pressures & Currency Depreciation** – While U.S. CPI cooled to 2.8%, tariffs and monetary easing could trigger inflationary pressures, further supporting gold as a hedge.
- **Stock Market Volatility & Recession Concerns** – Major indices—Nifty (-16.29%), Dow Jones (-9.78%), S&P 500 (-10.48%), and Nasdaq (-14.07%)—continue to decline from recent highs amid slowing economic growth concerns.
- **Massive Gold Stockpiling by Governments** – Iran has converted 20% of its foreign reserves into gold, highlighting rising global demand for bullion as a reserve asset.

Central banks have been net buyers for 15 consecutive years

☀️ Record Central Bank Gold Buying in 2024

- Total gold purchases reached 1,045t, with 333t added in Q4 — the third consecutive year exceeding 1,000t.
- This far surpasses the 473t annual average from 2010-2021.
- 15th consecutive year of net central bank gold buying.

🏦 Top Central Bank Buyers in 2024

National Bank of Poland (NBP): +90t → Total 448t (17% of total reserves).

Reserve Bank of India (RBI): +73t (4x 2023's total of 16t) → Total 876t (11% of total reserves).

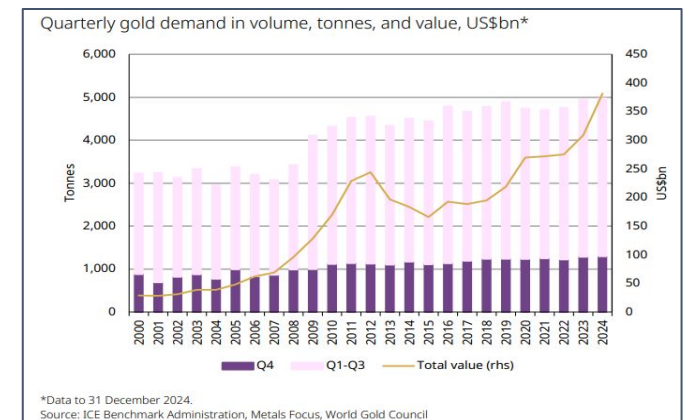
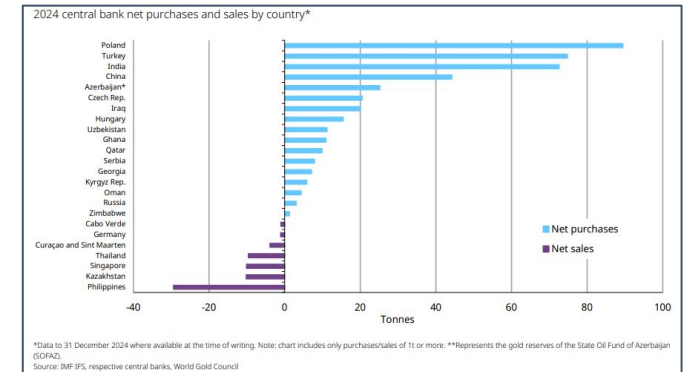
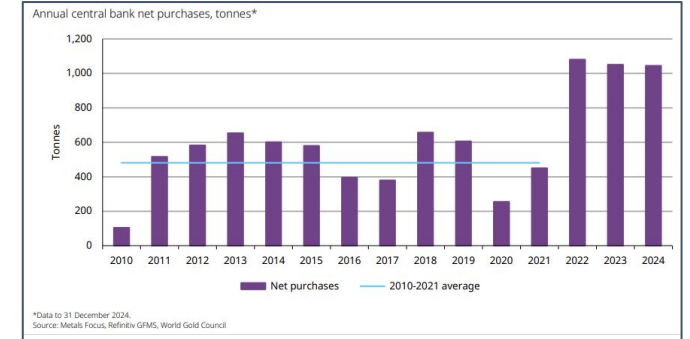
People's Bank of China (PBoC): +44t → Total 2,280t (5% of reserves).

Central Bank of Turkey (CBRT): +75t — no repeat of 2023 selling.

State Oil Fund of Azerbaijan: +25t (Q4 data pending) → Gold now 18% of its portfolio.

Central banks and investors drive market strength

- Total gold demand (including OTC investment) rose 1% y/y in Q4 to reach a new quarterly high and contribute to a record annual total of 4,974t.
- Central banks continued to Hoover up gold at an eye-watering pace: buying exceeded 1,000t for the third year in a row, accelerating sharply in Q4 to 333t.
- Annual investment reached a four-year high of 1,180t (+25%). Gold ETFs had a sizable impact: 2024 marked the first year since 2020 in which holdings were essentially unchanged, in contrast to the heavy outflows of the prior three years.
- Gold jewellery was the clear outlier: annual consumption dropped 11% to 1,877t as consumers could only afford to buy in lower quantities. Nonetheless, spend on gold jewellery jumped 9% to US\$144bn.



Q4 set the seal on a very weak year for global gold jewellery demand as record price levels impacted affordability

A 12% y/y drop in Q4 demand to 547t took annual total down to 1,877t (-11%) as unrelenting gold price strength impacted consumers' ability to buy

Weakness was global, although India's 2% y/y decline showed resilience, particularly compared with China's 24% y/y drop.

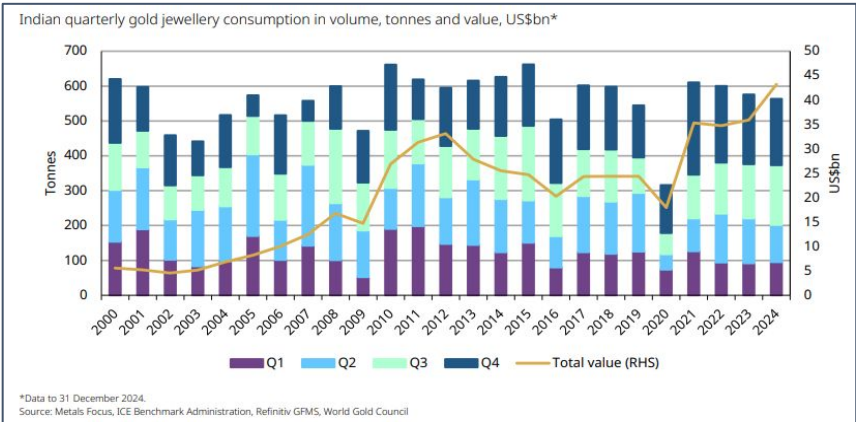
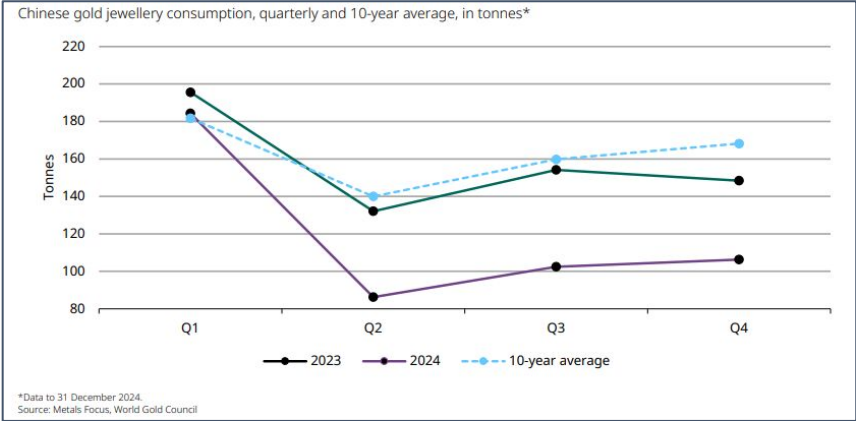
Full-year jewellery demand fell 11% as the rip-roaring price performance impacted volumes. With the exception of covid stricken 2020, when demand crashed below 1,400t, we need to go back to 2009 to find the last comparable year for gold jewellery demand. In stark contrast, the sharp rise in the gold price during the year saw the value measure of jewellery demand shoot up to a record US\$144bn (+9%).

The Q4 picture was similar: global demand was down 12% y/y, sinking to a four-year low for a fourth quarter, while value reached a new record high of US\$47bn.

By far the largest contributor to the weakness in volume was China, which, for the second time in three years, ceded its position to India as the largest jewellery market.

Jewellery Demand

Tonnes	2023	2024	Year-on-year % change
World total	2,110.6	1,877.1	-11 ▼
India	575.8	563.4	-2 ▼
China, P.R.: Mainland	630.2	479.3	-24 ▼



Global investment reached a four-year high in 2024, helping fuel gold’s stunning 26% annual return

Annual investment totalled 1,180t, with a value of US\$90bn.

Increased demand for gold ETFs fuelled the rise in overall investment, notably in the second half of the year as US listed funds attracted inflows

Bar and coin investment was in line with 2023 as gains in India and China offset declines in the US and Europe.

Annual gold investment grew 25% – the strongest annual growth rate since 2020. This was concentrated in the second half of the year as rate cuts, geopolitical uncertainty and gold’s price performance attracted inflows into gold ETFs.

Bar and coin demand was unchanged at 1,186t, while the value of this investment surged 23% to a record US\$91bn.

OTC investment held firm throughout much of the year. This category, as well as being a statistical residual from the balance of other categories of demand and supply, captures flows in the over-the-counter market, which has been increasingly reflective of demand from HNW investors seeking to hedge geopolitical and economic risks. The recent price performance has added fuel to these flows.

Global gold-backed ETFs posted a second consecutive quarter of inflows: holdings increased by 19t during the quarter. The net result for 2024 was a very small (7t) annual outflow, as growth in the second half of the year reversed the sizable Q1 outflows.

Tonnes	2023	2024	Year-on-year % change
Investment	945.5	1,179.5	25 ▲
Bar & Coin	1,189.8	1,186.3	0 ▼
India	185.2	239.4	29 ▲
China, P.R.: Mainland	279.5	336.2	20 ▲
Gold-backed ETFs	-244.2	-6.8	- ▲



Total gold supply in 2024 increased 1% y/y as mine supply and recycling both posted growth

Annual mine production grew fractionally y/y to a new record high

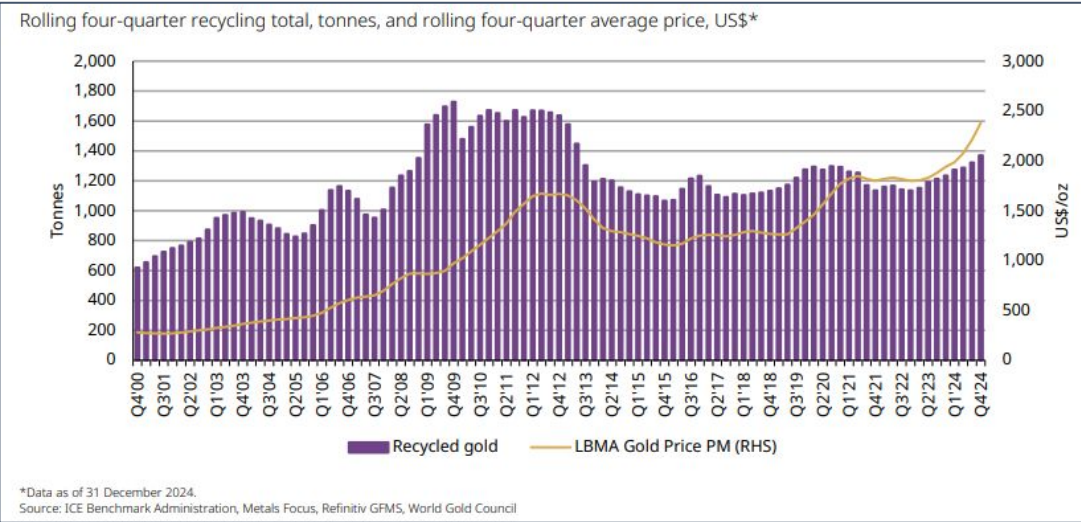
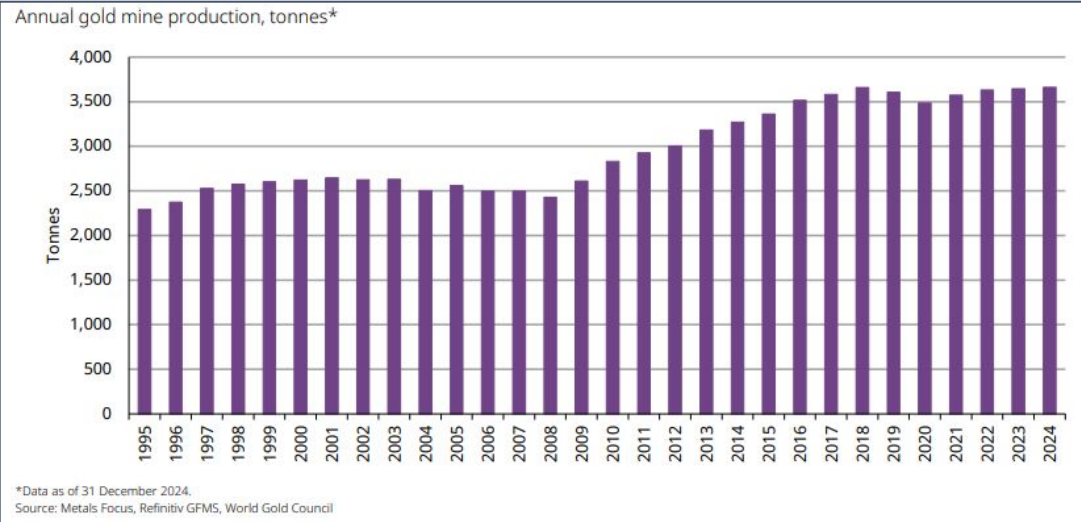
The global hedge book decreased significantly in 2024 to 182t

Full-year recycled gold supply rose 11% although remained 16% below the all-time high seen in 2012.

















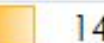





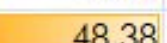


Total gold supply in 2024 increased 1% y/y to 4,974 tonnes, the highest in our 30-year data series, driven by higher mine production and recycling supply. Although initial estimates suggest that 2024 mine production reached an all-time high of 3,661t, this data is subject to revisions, which make it difficult to state with certainty that the previous record high has been broken.

Early estimates also suggest that net producer hedging fell significantly during the year as producers delivered into maturing contracts and bought back some longer-dated hedges.

Tonnes	2023	2024	Year-on-year % change
Total supply	4,945.9	4,974.5	1 ▲
Mine production	3,644.1	3,661.2	0 ▲
Net producer hedging	67.4	-56.8	- ▼
Recycled gold	1,234.4	1,370.0	11 ▲



OPEN INTEREST ANALYSIS

Date	Open	High	Low	Close	% Change	Cumulative OI	% OI Change	OI Status
Mar-25	84511.00	87866.00	84511.00	87775.00	 4.22	20580	 28.56	Fresh Buying
Feb-25	81907.00	86592.00	81639.00	84219.00	 2.42	16008	 -5.18	Short Covering
Jan-25	76772.00	82600.00	76563.00	82233.00	 7.15	16882	 16.25	Fresh Buying
Dec-24	76345.00	79120.00	75459.00	76748.00	 -0.49	14522	 8.27	Fresh Selling
Nov-24	78849.00	78950.00	73300.00	77128.00	 -1.66	13413	 -22.79	Long Liquidation
Oct-24	75535.00	79775.00	74757.00	78430.00	 3.73	17371	 -7.36	Short Covering
Sep-24	71512.00	76424.00	70913.00	75611.00	 5.59	18752	 -9.05	Short Covering
Aug-24	69994.00	72272.00	68379.00	71611.00	 2.81	20619	 0.34	Fresh Buying
Jul-24	71606.00	74731.00	67400.00	69655.00	 -2.69	20549	 14.71	Fresh Selling
Jun-24	71467.00	73516.00	70751.00	71582.00	 -0.35	17914	 2.17	Fresh Selling
May-24	70452.00	74442.00	70082.00	71834.00	 2.02	17533	 -28.14	Short Covering
Apr-24	67888.00	73958.00	67888.00	70415.00	 4.05	24400	 -5.11	Short Covering
Mar-24	62567.00	67850.00	62403.00	67677.00	 8.17	25715	 48.38	Fresh Buying
Feb-24	62639.00	63230.00	61190.00	62567.00	 -0.27	17330	 6.86	Fresh Selling

GOLD PRICE MOVEMENT SINCE 2015													
Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Growth
2015	27895	26477	26204	26716	26860	26471	24813	26682	25856	26499	25069	24931	-1772.00
	4.46	-5.08	-1.03	1.95	0.54	-1.45	-6.26	7.53	-3.10	2.49	-5.40	-0.55	-6.64%
2016	26638	29513	28549	30266	28627	31199	31549	30724	30742	29950	28385	27445	2514.00
	6.85	10.79	-3.27	6.01	-5.42	8.98	1.12	-2.61	0.06	-2.58	-5.23	-3.31	10.08%
2017	28942	29566	28463	28873	28843	28439	28557	29745	29557	29253	29012	29000	1555.00
	5.45	2.16	-3.73	1.44	-0.10	-1.40	0.41	4.16	-0.63	-1.03	-0.82	-0.04	5.67%
2018	30117	30379	30408	31036	30831	30432	29653	30129	30481	31748	30240	31392	2392.00
	3.85	0.87	0.10	2.07	-0.66	-1.29	-2.56	1.61	1.17	4.16	-4.75	3.81	8.25%
2019	33096	33286	31998	31756	32266	34206	35420	38805	37323	38578	38031	39208	7816.00
	5.43	0.57	-3.87	-0.76	1.61	6.01	3.55	9.56	-3.82	3.36	-1.42	3.09	24.90%
2020	41000	41397	43000	44906	46654	48762	53445	51701	50334	50699	47918	50151	10943.00
	4.57	0.97	3.87	4.43	3.89	4.52	9.60	-3.26	-2.64	0.73	-5.49	4.66	27.91%
2021	49096	45736	44935	46737	49349	46839	48001	47120	46521	47635	47805	48099	-2052.00
	-2.10	-6.84	-1.75	4.01	5.59	-5.09	2.48	-1.84	-1.27	2.39	0.36	0.61	-4.09%
2022	47632	50760	52166	51754	50847	50517	51426	50414	50194	50322	52931	55017	6918.00
	-0.97	6.57	2.77	-0.79	-1.75	-0.65	1.80	-1.97	-0.44	0.26	5.18	3.94	14.38%
2023	57190	55794	59612	59919	60198	58211	60082	59374	57600	60940	62640	63203	8186.00
	3.95	-2.44	6.84	0.51	0.47	-3.30	3.21	-1.18	-2.99	5.80	2.79	0.90	14.88%
2024	62735	62567	67677	70415	71834	71582	69655	71611	75611	78430	77128	76748	13545.00
	-0.74	-0.27	8.17	4.05	2.02	-0.35	-2.69	2.81	5.59	3.73	-1.66	-0.49	21.43%
2025	82233	84219	87866										11118.00
	7.15	2.42	4.33										14.49%
Average	3.45	0.88	1.13	2.29	0.62	0.60	1.07	1.48	-0.81	1.93	-1.64	1.26	Average



Top Factors That Could Trigger a Gold Price Correction

1. **Resolution of Trade War & Tariff Rollbacks** – If the U.S. and China reach a trade deal and ease tariffs, gold's safe-haven demand could decline sharply.
2. **Strengthening U.S. Dollar & Higher Bond Yields** – A rise in the U.S. Dollar Index (above 105) and 10-year Treasury yields (above 4.5%) could pressure gold prices.
3. **Fewer or Delayed Fed Rate Cuts** – If inflation remains stubborn or economic growth stabilizes, the Fed may hold rates higher for longer, reducing gold's appeal.
4. **Stock Market Recovery & Risk-On Sentiment** – A rebound in global equities could shift investor focus away from gold, leading to increased selling pressure.
5. **Ceasefire in Ukraine** – The U.S. has proposed a ceasefire in Ukraine, but further clarifications and conditions are needed before a resolution is reached. A peace deal could weaken gold's geopolitical risk premium.

Gold Price Forecast

Gold Price Forecast for MCX to test ₹92,000 in 2025 Amid High Volatility: Gold is expected to touch ₹92,000 on MCX in 2025, driven by record central bank purchases, a weakening U.S. dollar, and Federal Reserve rate cuts. A global trade war and inflation concerns will likely sustain bullish momentum. However, extreme volatility is expected, as a resolution of trade tensions, stronger economic data, or a Fed pause on rate cuts could trigger sharp corrections. Gold's historical tendency to correct when all factors turn bullish suggests that unexpected market shifts could cause price swings of ₹6,000-₹7,000 per 10 grams before reaching new highs.

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