

GOLD REPORT

November 11, 2024



Gold spot retreated from record peaks amid strong US dollar and Treasury yields that weighed the sentiments in safe haven bullion.

Global Economy

- Global equity gauges exhibited mixed performance last week. The US Dow Jones IA soared on Republican Donald Trump's victory in the presidential election.
- The Federal Reserve cut interest rates by 25 basis points to a range of 4.50%-4.75%.
- U.S. Non-farm payrolls marked smaller increase by 12000 in October while the unemployment rate steadied at 4.1%.
- China unveiled a CNY10 trillion or USD1.40 trillion debt package on to ease local government financing strains and stabilise flagging economic growth.
- China's consumer inflation rose at 0.3% in October, the slowest pace in four months, while producer price deflation deepened.
- China's trade surplus increased in October 2024. Exports surged 12.7% yoy while imports fell 2.3%.

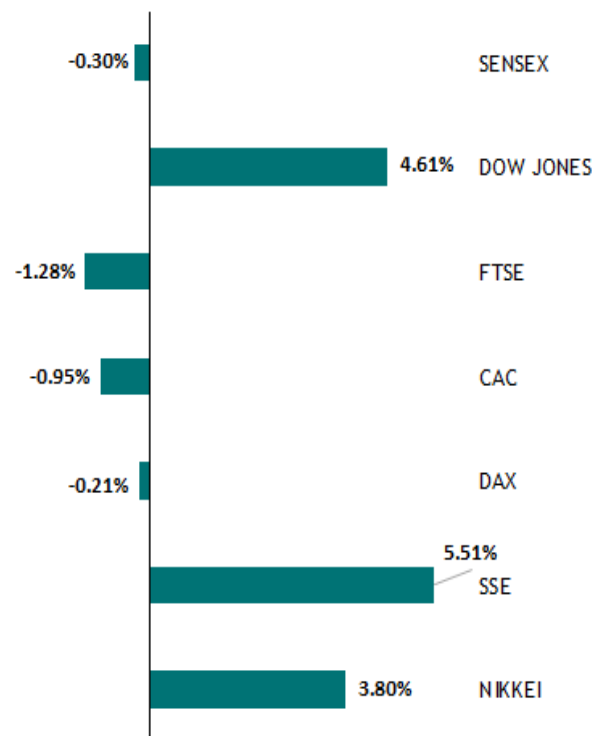
Currencies

- US dollar index settled near above 105 marks, gaining against its key rivals last week.
- Major global currencies slipped against USD last week. Euro shed 1.07%, Chinese yuan slipped 0.80% while Japanese yen gained 0.23% .
- Indian rupee slipped 0.37% to near 84.395 against the USD last week.

Gold

- Spot gold gained more than 28% thus far in 2024, beating other asset classes.
- China's central bank refrained from purchasing gold for its reserves for the sixth consecutive month in October. China's gold holdings stood at 72.8 million troy ounces at the end of last month.
- Gold demand in India jumped in early week of November amid festival purchases, although volumes were lower than usual due to record-high prices.

Indices



Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	104.997	0.69%
Euro/US Dollar	1.0718	-1.07%
US Dollar/ Japanese Yen	152.63	0.23%
US Dollar/ Indian Rupee	84.395	-0.37%
US Dollar/ Chinese Yuan	7.1785	-0.80%

*Currency rates mentioned above are Friday closing rates

Key Data/Events for the week

Day	Data/Events
Wednesday	US Inflation
Thursday	Fed Chair Powell's Speech



Gold retreats from record highs

Gold prices have taken a hit, retreating from their all-time record highs, as Donald Trump's victory in the US presidential election sent the Dow Jones IA index soaring. A stronger US dollar and rising Treasury yields also contributed to the decline, triggering a sell-off in precious metals. The market's reaction to Trump's win was swift, with investors seeking riskier assets and shying away from safe-havens like gold. Meanwhile, the Federal Reserve's decision to cut interest rates has boosted risk appetite, further weighing on gold prices. In a surprising twist, the US dollar has managed to maintain its strength against rival currencies despite the central bank's easing measures. This development has added to the downward pressure on gold, which is now trading below USD2,700 a troy ounce. As the market ponders the implications of Trump's presidency, gold prices are likely to remain volatile. The coming week's US inflation data and Fed officials' speeches will be closely watched for clues on the direction of interest rates and their potential impact on gold prices.

Fed cut rates by 25 bps, Inflation still above 2% objective

The Federal Open Market Committee cut the interest rates by 25 basis points in the policy meet held last week, bringing the rates to 4.50%-4.75%. The Fed observed, that the economic activity has continued to expand at a solid pace, labor market conditions have generally eased, and the unemployment rate has moved up but remains low. Inflation has made progress toward the Committee's 2% objective but remains somewhat elevated. The objective is to achieve maximum employment and inflation at the rate of 2% over the longer run.

Gold demand firm in Q3; Jewellery demand sank - World Gold Council

Gold demand gained 5% year on year to 1,313 tonne, a record for a third quarter. This strength was reflected in the gold price, which reached a series of new record highs during the quarter. The value of demand jumped 35% yoy to exceed USD100 billion for the first time ever. Global gold ETF inflows of 95 tonne were a major driver of growth; Q3 of 2024 was the first positive quarter since the first quarter of 2022, with a year on year swing from hefty outflows of 139 tonne in Q3-2023. Bar and coin investment was down 9% yoy. Much of the decline was specific to two or three key markets, counterbalanced by a very strong quarter in India. Gold jewellery consumption sank 12% yoy despite strong growth in India. Although consumers bought reduced quantities, their spend on gold jewellery increased: the value of demand jumped 13% yoy to more than USD36 billion. The pace of central bank buying slowed in Q3, but y-t-d buying is in line with 2022 and remains widespread. AI continued to support the use of gold in technology with 7% yoy gain.

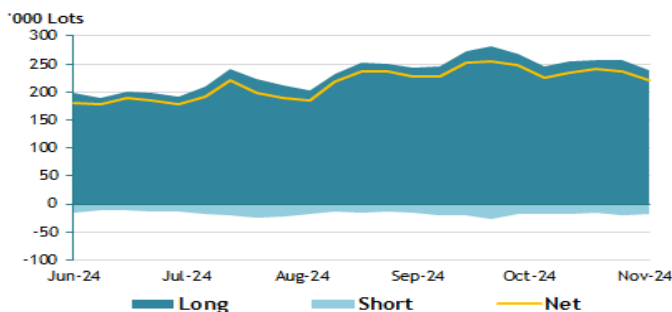
SPDR gold backed ETFs Physical holdings fell in November

The SPDR gold backed ETFs physical holdings declined 1.26% so far in November, after posting four straight monthly inflows till October. The physical holdings with SPDR gold trust is 283.11 million ounces as on the week ended November 8.

Money Mangers reduced net longs in COMEX Gold F&O

Hedge funds and money managers reduced net long positions in COMEX gold futures and option contracts at the week ended November 08, U.S. Commodity Futures Trading Commission reported.

Money Managed Gold F&O Positions in COMEX



Spot Market Prices

Market	Close Price	Monthly % Chg	YoY % Chg
LBMA	2669.52 (\$/Ozs)	0.51%	34.64%
Mumbai	78760 (RS/10gm)	2.69%	25.41%

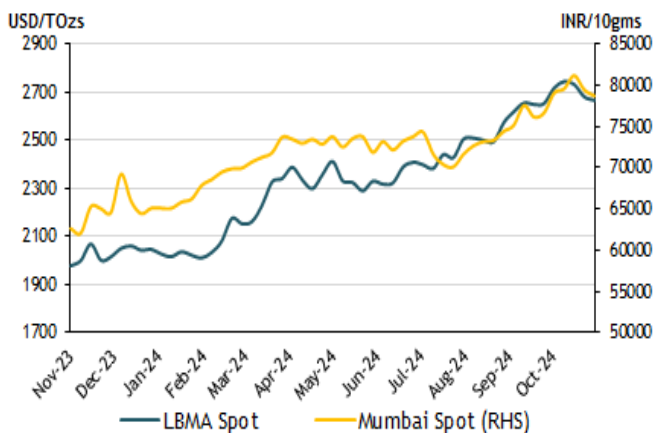
Futures Market Prices

Market	Close Price	Monthly % Chg	YoY % Chg
COMEX	2671.70 (\$/Ozs)	0.53%	34.58%
MCX	76745 (RS/10gm)	0.57%	25.94%

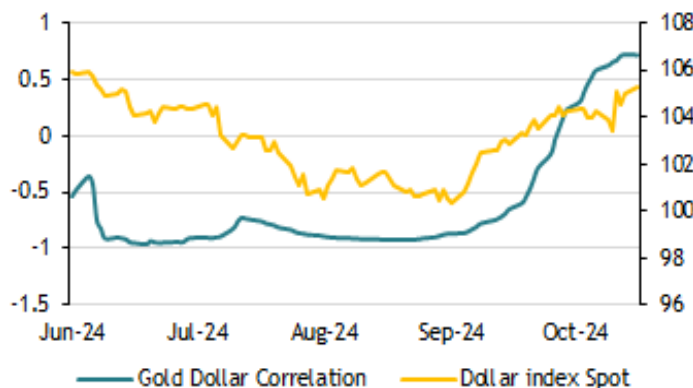
*Near month futures contracts in respective exchanges

*Prices mentioned above are of Monday 2.00pm IST

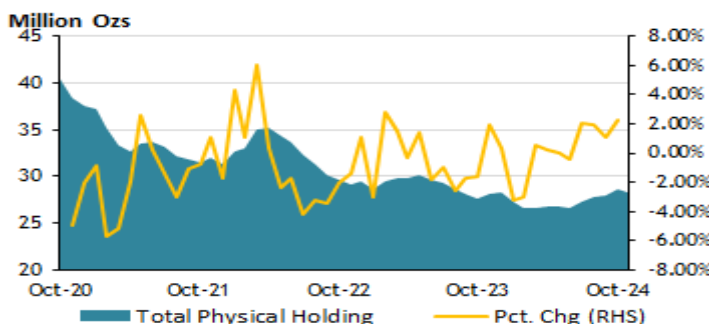
LBMA Vs Mumbai Spot Prices

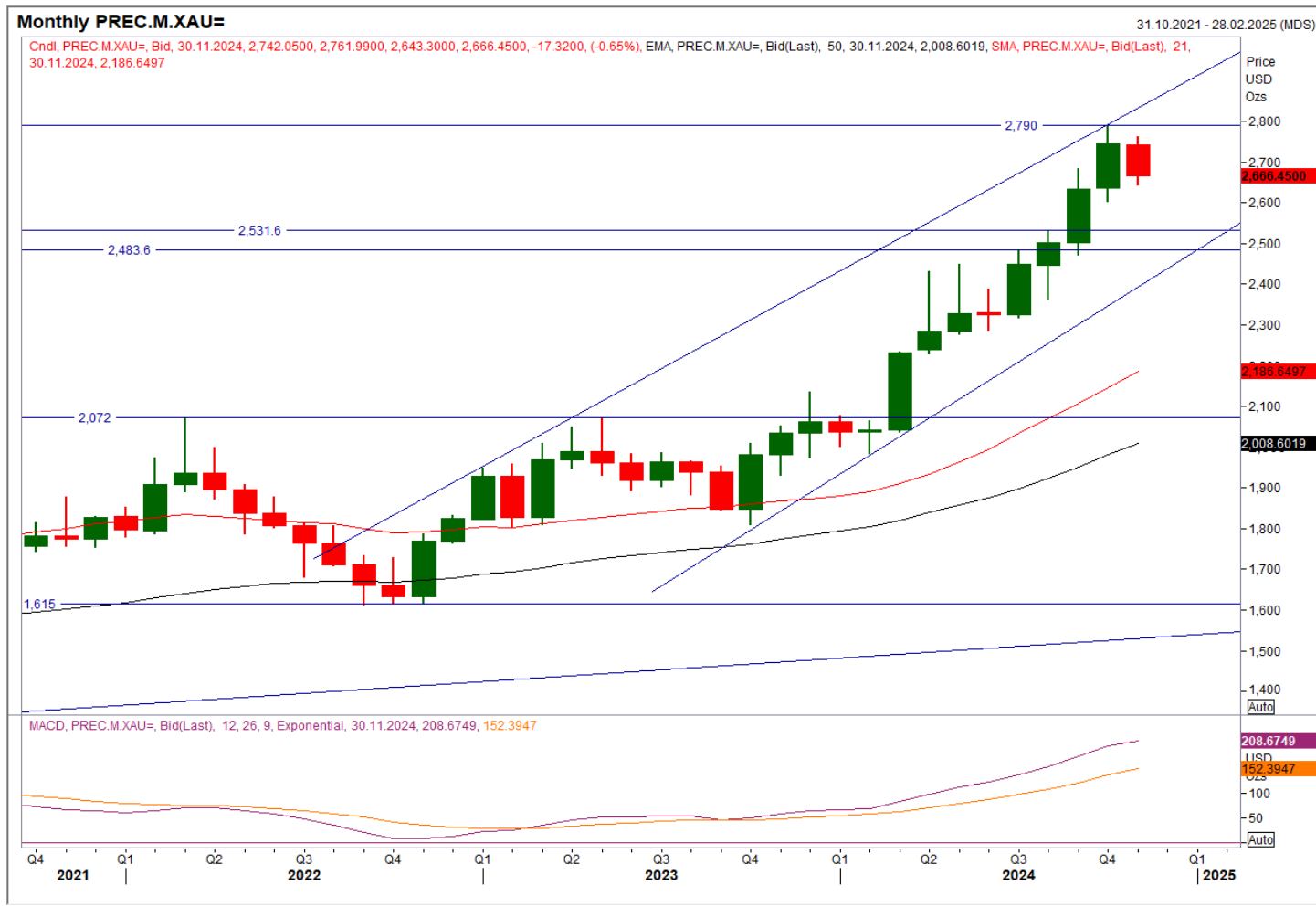


Gold - U.S. Dollar Correlation



SPDR ETF Gold Physical Holdings (Ozs)





Outlook

Last week's highly anticipated US presidential debate and the Federal Reserve's rate cut have led to a significant liquidation move in gold prices. The market is now taking time to process the implications of the new presidential term and its potential geopolitical impact. As investors await further cues from economic indicators and events this month, gold prices are expected to remain volatile.

The Fed's rate cut has reaffirmed its dovish stance, which may boost gold prices in the near term. Additionally, concerns about US financial sanctions and the growing US sovereign debt burden may support gold prices in the long term.

Technical View:

London Spot: MACD Bullish Divergence in monthly chart suggest the prevalence of positivity. Prices expected to steady in the vicinity of present levels as long as the support at USD2600 is not breached. However, if prices fall below the same region, prices may be dragged to lower regions.

MCX: Prices expected to steady above the support of Rs.75400 in the near term, while a voluminous move below the same support can induce near term weakness.

Trading Outlook		
Periodicity	London Spot	MCX Kg Dec
Short Term	MILD POSITIVE	MILD POSITIVE
Medium Term	MILD POSITIVE	MILD POSITIVE
Long Term	POSITIVE	POSITIVE
Technical Levels		
Trading Range	\$2531-2760	Rs 72300-79700
Resistance 1	2700	78500
Resistance 2	2760	79700
Resistance 3	2800	80450
Pivot	2600	75400
Support 1	2531	73860
Support 2	2480	72300
Support 3	2450	70400

*Short term - Upto 3 months, Medium term - 3 months to 1 year, Long Term - Above 1 year



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