

26 June 2024

BEARISH TECHNICAL SETUP

**GOLD M – MCX**  
**CMP : 70800**  
**(5 JULY 24)**

## MCX GOLDM near month contract seen HEAD & SHOULDER BEARISH PATTERN

### Fundamentals likely to keep GOLD prices under check in short term

- Gold prices fall towards 2-week low after firm dollar index as well gain in US Treasury yield on upbeat comments from FED officials in last few days indicates rate cut likely to be later than expected earlier.
- Higher interest rates increase the opportunity cost of holding non-yielding bullion.
- Spot gold trading around \$ 2300 per ounce, a lowest level since June 13
- However all eye on Friday US Core PCE Price Index data which preferred inflation gauge for FED to decide rate cut for upcoming meetings.
- Other Political event to be watch out this week will be Biden Vs. Trump face off, first debate to look for yearend election as well US Q1-GDP number on Thursday.
- However longer term outlook still look positive after considering rate cut by FED added by ongoing geopolitical tension and continue global central bank buying gold will bullish pries in months to come.
- Global physically backed gold exchange-traded funds (ETFs), a crucial category of demand, which was not so encouraging this year, saw inflows last week of \$212 million, or 2.1 metric tons, according to the World Gold Council which is positive for gold prices but not so encouraging to lift up prices immediately.
- Traders are currently pricing in a 60% chance of Fed rate cut in September, little changed from late week 63%, according to CME FedWatch Tool. Traders raised their bets to price in about 52 basis points (bps) of cuts (or two quarter-point cuts) by December-end after softer inflation data earlier of the month. That was an increase from 37 bps earlier of the month.
- Safe-haven demand, driven by geopolitical and economic uncertainty, as well as persistent central bank buying contributed to a rally in gold from March to May, taking spot prices to a record high of \$2,449.89 on May 20.

However, next clue for FED to take interest rate decision along with dollar index movement and Geopolitical tension as well political outcome from European country will decide further direction for Bullion in short to medium term.

# Technically Outlook

## GOLD MINI Daily Chart MCX



Sources – Ticker Plant and Bonanza Research

GOLD MINI MCX near month contract as seen in above chart Head & Shoulder pattern place with Neck Line (Support area) around 70900 level which break today in intraday trade. GoldM made Left Shoulder around 73750 on 2<sup>nd</sup> week of April and rally towards Head of above 74300 level in mid May and made Right Shoulder around 73300 level on 1<sup>st</sup> week of this month to fall below Neck Line support in today's trade.

Diversion seen in 14 period RSI as price rally towards new high in May month but RSI fall below earlier peak and as seen in above chart lower top lower bottom pattern in RSI indicates downside rally likely to continue as it trades below 50-mark in daily chart.

MACD (12,26,9) seen fall below Zero line and histogram in red indicates weakness in the counter for short term

A 20 period Bollinger Band also shows price trades below idle support line and touch lower bend indicates weakness in short term.

Now price has strong support at 70650 and any Sustain fall below same with increase volumes justify H&S pattern and likely to force prices towards immediate support of 70100 and sustain below seen 69400-300 up to 68700 where 100-days SMA and 68100-68000 a H&S pattern ultimate target. However scenario turn bullish with any Sustain close above 72000 and 72850 for 05AUG contract.

Support for GOLD MINI MCX 5AUG at 70800 - 70200 and Resistance seen at 72900 - 73500

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