MONTHLY BULLETIN (RESEARCH) Date 9th April 2022

GOLD

Market Outlook and Fundamental Analysis:

Bullion seen a strong month as well quarter as Gold register its biggest quarterly gain since the pandemic-led surge in mid-2020 of about 6% as concerns over soaring consumer prices and the Ukraine crisis bolstered bullion's safe-haven appeal. For the month Gold register 2nd consecutive monthly gain of 1.8% while silver inch above 1% gain. Also god supported from the US Federal Reserve has hinted toward aggressive rate hikes this year to fight against soaring inflation, which investors fear could send the U.S. economy into a recession. Russia's invasion, which began on Feb. 24, has fuelled a rally in oil prices and industrial metals also. The auto-catalyst metal Palladium hit a record high of $3,440.76 per ounce earlier on March month after the West heaped sanctions on top-producer Russia, before giving up most of the gains as supply fears eased. During the mid of the week, gold seen its biggest weekly drop in nearly 4-months, after demand for the safe-haven metal was hit by hopes of progress in peace talks between Russia and Ukraine as well as the fallout from a U.S. interest rate hike.

Russia produced 2.6 million troy ounces of palladium last year, or 40% of global mine production, and 641,000 ounces of platinum, or about 10% of total mine production.

Minutes of the Fed's March 15-16 meeting showed deepening concern among policymakers that inflation had broadened through the economy, which convinced them to not only raise the target policy rate by a quarter of a percentage point from its near-zero level but also to "expeditiously" push it to a "neutral posture," estimated to be around 2.4%. "Many" Fed officials said they were prepared to raise rates in half-percentage-point increments in coming policy meetings to try to bring prices under control, even though the rising risks tied to the Ukraine war held them to the standard hike in March, according to the minutes.

US Nonfarm data which is main gauge for interest rates seen, increased by 431,000 jobs last month against economists polled by Reuters had forecast payrolls increasing 490,000. Data for February was revised higher to show 750,000 jobs added instead of the previously reported 678,000. The unemployment rate dropped to 3.6%, the lowest since February 2020, from 3.8% in February. All this indicates the Federal Reserve to raise interest rates by a hefty 50 basis points in May.

New applications for U.S. jobless benefits dropped to a 52-1/2-year low on last week of the month, while the number of Americans on unemployment rolls continued to shrink, pointing to rapidly diminishing labor market slack that will keep wage inflation rising. Initial claims for state unemployment benefits fell 28,000 to a seasonally adjusted 187,000 for the week ended March 19, the lowest level since September 1969, the Labor Department said.

The Bank of England raised interest rates in latest meet in a bid to stop fast-rising inflation becoming embedded, but with households facing a huge hit from soaring energy bills, it softened its language on the need for more increases. BOE raise Bank Rate to 0.75% from 0.5%, their third hike in as many meetings and taking rates back to their pre-pandemic level.

India's annual gold production could surge to 20 tonnes from a mere 1.6 tonnes if the government removes bureaucratic hurdles and encourages investment in the sector, the World Gold Council (WGC) said in a report. India splurged a record $55.7 billion on gold imports in 2021, buying 1,050 tonnes - the most in a decade, and far more than the 430 tonnes imported in 2020.

China's net gold imports through Hong Kong fell 13.7% in February to their lowest level in nearly a year, official data showed, as Lunar New Year holidays and high prices dented demand.

At last week of the month, holdings of the world's largest gold-backed exchange-traded fund, SPDR Gold Trust rose 0.4% to 1,087.66 tonnes on Wednesday - it's highest since Feb. 26, 2021.

Separately, the Ukraine crisis could knock more than 1% off global economic growth this year and add 2.5% to inflation, the Organisation for Economic Co-operation and Development said.

On data side, US factory orders fell 0.5% in February and data for January was revised slightly higher to show orders rising 1.5% instead of 1.4% as previously reported. February's decrease in factory orders was in line with economists' expectations. US consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.2% last month. Economists polled by Reuters had forecast consumer spending increasing 0.5%.

On domestic Data update, India's services sector expanded at its fastest pace so far this year in March as an easing of COVID-19 restrictions boosted demand, but elevated inflationary pressures clouded business confidence. India's factory activity expanded at a slower pace in March as rising prices meant new orders and output grew at their weakest rate since September, according to a survey released. India's merchandise exports touched a record $40.38 billion, while imports rose to $59.07 billion, according to a government source, referring to provisional trade data. Monthly trade deficit in March was estimated at $18.69 billion, according to Reuters calculations. India's infrastructure output in February expanded 5.8% year on year, government data showed.

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Going ahead, there is lots of uncertainty in global market start from geopolitical tension between western countries & Russia, US FED tapering and interest rates seen increasing, higher inflation worldwide and currency movement. All this resulted in volatile bullion prices and unless there is clarity on above major issue, bullion likely to get support at every dip. In nutshell, geopolitical tension, Performance of financial markets, monetary policy in key economies including here, and the dollar movement will determine gold performance in 2022.

Technical Outlook:

On the Daily Chart:

In COMEX GOLD is trading at $1940

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1915	1890	1970	2010
MCX (Rs.)	51200	50700	52800	54200

Mcx Trend seen Bullish as long S1 hold support, While Sustain Close above 52750 seen up rally

SILVER

Technical Outlook:

On the Daily Chart:

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	23.90	22	25.85	27
MCX (Rs.)	65800	65300	68500	70800

MCX trend seen Bullish as long hold S1

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register 4th consecutive monthly gain with benchmark Brent rally almost 10% in March & WTI rally around 5% while on quarterly basis, both benchmarks posted their highest percentage gains since the 2nd quarter of 2020, with Brent soaring 38% and WTI gaining 34%, boosted mainly after Russia's Feb. 24 invasion of Ukraine which Moscow calls a "special operation." However, on last day of the month, oil prices fell 7% to close just above $100 as President Joe Biden announced the largest ever release from the U.S. Strategic Petroleum Reserve and called on oil companies to increase drilling to boost supply. Prices also declined due to fears of lower demand in China as Shanghai is set to expand a COVID-19 lockdown.

US 180 million-barrel release is equivalent to about two days of global demand, and marks the third time Washington has tapped the SPR in the past six months. Starting in May, the United States will release 1 million barrels per day of crude oil for six months from the Strategic Petroleum Reserve, Biden said, adding that 30 million to 50 million barrels of oil could be released in addition by allies and partners. International Energy Agency member countries also agreed to release 60 million barrels on top of a 180 million-barrel release announced by the United States last week to help drive down prices amid supply fears following Russia's invasion of Ukraine. Japan will release 15 million barrels of oil from state and private reserves as part of the move.

The OPEC pumped 28.54 million barrels per day (bpd) in March, the survey found, up 90,000 bpd from February but short of the 253,000 bpd increase called for under its deal with allies including Russia. OPEC and its allies, known as OPEC+, are gradually relaxing 2020 output cuts as demand recovers from the pandemic. The deal calls for a 400,000 bpd increase in March from all OPEC+ members, of which about 253,000 bpd is shared by the 10 OPEC producers the agreement covers.

After seven weeks of holding steady, U.S. crude output inched up 100,000 barrels per day (bpd) last week of March to 11.7 million bpd, while crude stocks in SPR fell to their lowest since May 2002, and Gulf Coast refinery utilization rose to its highest since January 2020.

On last week of the month, U.S. crude stockpiles fell by a bigger-than-expected 3.4 million barrels last week, cutting inventories in the world's top consumer to 410 million barrels, their lowest since September 2018, government data showed.

China, the world's biggest oil importer, its oil demand is expected to rebound to 14.26 million barrels per day (bpd) in the second quarter, after dropping to 13.9 million bpd in the previous quarter as the country's zero-COVID policy dampened consumption, a senior researcher from China National Petroleum Corp (CNPC) said.

On last week of the month, U.S. energy firms added oil and natural gas rigs for a second week in a row but growth in the rig count remains slow as drillers continue to return cash to shareholders from high crude prices rather than boost production. The oil and gas rig count, an early indicator of future output, rose three to 673 in the week to April 1, its highest since March 2020, energy services firm Baker Hughes Co said in its closely followed report says. U.S. oil rigs rose two to 533 this week, their highest since April 2020, while gas rigs rose one to 138, their highest since October 2019.

Other side, U.S. crude production was on track to rise from 11.2 million barrels per day (bpd) in 2021 to 12.0 million bpd in 2022 and 13.0 million bpd in 2023, according to federal energy data. That compares with a record 12.3 million bpd in 2019.

Going ahead, With Russia's invasion of Ukraine entering a second month, global supply shortages approached 5 million to 6 million barrels per day (bpd) while demand has risen to record highs. Geopolitical tension between western countries & Russia resulted in higher volatility as well prices and if this issue not sorted out within short period then in long run this will definitely resulted in oil shocks with prices to scale all time high.

Technical Outlook:-

On the Daily Chart:

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	93	89	106	117
MCX (Rs.)	7000	6700	7950	8900

MCX trend seen Bullish as long hold S1

Natural Gas

Technical Outlook:

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	475	455	505	525

MCX trend seen Bullish as long hold S1

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen historic volatility with many metals hit multiyear to multi decade and all time high during the month after western nations unveiled more sanctions on major producer Russia in response to its invasion of Ukraine, fuelling worries about supplies. About all the metal remains in news is Nickel as it skyrocketed to more than $1Lac/ton during the month and almost double in just 2-trading session after which exchanges force to holt trading. Sanctions against Russia have cut or complicated supply routes and driven up the price of energy used to power smelters. High costs had already forced some aluminium and zinc smelters in Europe to reduce output. Among threats to demand are measures to contain the spread of COVID-19 in China, the biggest metals consumer. Chinese factory activity contracted in March, but the government says it will prop up economic growth.

LME nickel prices soared to record highs above $100,000 a tonne on March 8, after which trading was suspended for six sessions, amid large purchases by China's Tsingshan Holding Group to reduce its short positions in the metal used to make stainless steel and electric vehicle batteries. Activity resumed on March 16 when it launched daily price limits and the provision of OTC nickel trading data for the first time. The LME has said the large short positions originated primarily from the over-the-counter (OTC) market.

On quarterly basis, Aluminum register their biggest qoq gain since 1988, a 26% gain driven up by supply disturbance and increased production costs resulting from Russia's invasion of Ukraine. Nickel rose 60%, its largest quarterly rise since 2003, helped by a short squeeze on the LME that caused a price spike this month. Both metals reached record highs in March, though nickel's was later cancelled by the LME as it sought to stabilise the market after a savage price spike on March 8. Other side Copper rally 6% in quarter, Zinc 18% and Lead gain 5% with both the metals hit there all time high in march month.

Russia produces about 6% of the world's aluminium and accounts for about 7% of global nickel mine supplies. It is also a major producer of natural gas used to generate electricity. China accounts for around 56% of global aluminium production estimated at around 67 million tonnes last year. The top consumer is expected to see a deficit around 1.5 million tonnes this year.

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Latest numbers from top metal consumer China shows, China's factory activity slumped at the fastest pace in two years in March due to a local COVID-19 resurgence and economic fallout from the Ukraine war, a survey showed, strengthening the case of more policy support for the economy. The Caixin/Markit Manufacturing PMI fell to 48.1 in March, indicating the steepest rate of contraction since February 2020, from 50.4 in the previous month. China will roll out policies to stabilise the economy as soon as possible as the downward pressure in the economy increased, state media CCTV quoted a cabinet meeting.

The global world refined copper market showed a 92,000 tonnes deficit in December, compared with a 123,000 tonnes deficit in November, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the 12 months of the year, the market saw a shortage of 475,000 tonnes compared with a 484,000 tonne shortfall a year earlier, the ICSG said. The global nickel market registered a surplus of 6,000 tonnes in January after a deficit last year, the International Nickel Study Group (INSG) said.

Going ahead, geopolitical tension between western/European countries and Russia resulted in supply disturbance and force prices towards multiyear to all time high. As long these continue prices likely to see higher volatility and support at every dip. Metals prices are likely to rise further as inflation pushes investors towards commodities while tight supply of industrial metals and the risk of further sanctions constraining Russian supply also boosting prices.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	807	790	820	835

MCX trend seen Bearish as long hold R1

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LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	182.50	180	188	193

MCX trend seen Bearish as long hold R1

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	349	330	364	370

MCX trend seen Bullish as long hold S1

NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX				

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BONANZA RESEARCH TEAM

Technical Research Analyst

Rohan Patil

BONANZA COMMODITY BROKERS PVT. LTD.

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Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: https://www.bonanzaonline.com
SEBI Regn. No.: INZ000212137
BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836 | CDSL: a) 120 33500 |
NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186