

GOLD

Market Outlook and Fundamental Analysis:

Bullion ended mostly flat for the month Nov but fall sharply from month high after faster than expected bond tapering by US FED and strong dollar which makes bullion unattractive at higher level. Gold ended flat as 0.5% fall against this silver down almost 5% due to new variant of Covid which may disrupt economic activity & demand for industrial metals. However, safe haven buying & inflation pressure supported gold at lower level & emerge as value buying at every dip in prices. Reduced stimulus and interest rate hikes tend to push government bond yields up, raising the opportunity cost of non-interest bearing gold. Last week of the Nov register as worst weekly fall in gold prices of last 5-months. During the month dollar index rally towards 16-months peak. Gold has benefited from easy monetary policy introduced to spur economic growth during the pandemic, but any hike in interest rates should reduce the non-interest bearing's metal's appeal as it raises its opportunity cost.

In its latest speech, Powell said the Fed will discuss whether to end their bond purchases a few months earlier than previously anticipated in December and the word "transitory" is no longer the most accurate term for describing the nature of current inflation.

China's net gold imports via Hong Kong jumped to the highest since June 2018 in October, as buyers in the top consumer stocked up on the metal as a cushion against rising inflation.

India's central bank held its key lending rate at a record low on, saying growth was a priority as it warned of risks from inflation and the new Omicron variant on the economic recovery. Even as the RBI retained its accommodative policy stance, it outlined plans to drain surplus liquidity in the banking system, raising the chances of a hike in a key borrowing rate early next year.

US Nonfarm payrolls, a gauge for economy & interest rates, shows, payrolls increased by 210,000 jobs last month, against economists polled by Reuters had forecast payrolls advancing by 550,000 jobs. Estimates ranged from as low as 306,000 to as high as 800,000 jobs. The unemployment rate dropped to 4.2%, the lowest since February 2020, from 4.6% in October. Wages increased further.

U.S. private employers maintained a strong pace of hiring in November, though worker shortages remained a challenge. Private payrolls increased by 534,000 jobs last month, the ADP National Employment Report showed. Data for October was revised slightly lower to show 570,000 jobs added instead of the initially reported 571,000. Economists polled by Reuters had forecast private payrolls would increase by 525,000 jobs.

US weekly Jobless claims fell to their lowest level since 1969 (52-year low) for 2nd week of the month, pointing to sustained strength in the economy as a year marked by shortages and an unending pandemic winds down. US GDP increased at a 2.1% annualized rate, the government said in its second estimate of GDP growth for the period. That was still the slowest growth pace in more than a year but was revised slightly up from the 2.0% pace of expansion reported in October.

On data side, U.S. manufacturing activity picked up in November amid strong demand for goods, keeping inflation high as factories continued to struggle with pandemic-related shortages of raw materials. Japan's retail sales rose for the first time in three months in October, though less than expected, and the underlying private consumption trend pointed to persistent strains on a fragile economic recovery despite an easing of COVID-19 curbs. British businesses reported the fastest growth in new orders since June this month alongside record cost pressures, according to a closely watched business survey that could pave the way for a Bank of England rate rise in December. U.S. consumer prices accelerated in October as Americans paid more for gasoline and food, leading to the biggest annual gain in 31 years, suggesting inflation could stay uncomfortably high well into 2022 amid snarled global supply chains. China's factory gate inflation hit a 26-year high in October as coal prices soared amid a power crunch in the country's industrial heartland, further squeezing profit margins for producers and heightening stagflation concerns.

Global silver demand will rise to 1.029 billion ounces this year, exceeding a billion ounces for the first time since 2015, the Silver Institute said in a report.

On domestic Data update, India's manufacturing activity grew at the fastest pace in 10 months in November, buoyed by a strong pick-up in demand, but higher inflationary pressure left factories worried about their future prospects, a private survey showed. India's electricity demand grew 2.2% in November, slower than the 4.1% increase in October, a Reuters analysis of government data showed, helping the energy-hungry nation tide over a crippling coal shortage that caused widespread power cuts. India posted a record merchandise trade deficit of \$23.27 billion in November compared with \$10.19 billion a year ago, preliminary data released by the government showed. India's annual wholesale price-based

inflation, a proxy of producers' prices, accelerated in October to a five-month high, pushed up by increases in fuel and manufacturing prices, fuelling concerns of rising inflationary pressures for firms.

Going ahead, Rollouts of vaccines to combat the virus and trillions of dollars' in fiscal support are expected to boost investment and spending in 2021, spurring demand for raw materials from oil to copper. Also, If U.S. growth slows down next year, as expected, gold would benefit from higher demand for defensive assets. In nutshell, Performance of financial markets, monetary policy in key economies including here, and the dollar movement will determine gold performance in 2021. Gold could move higher with risk assets next year as long as monetary and fiscal conditions remain accommodative, while lower yields will encourage investors to hedge riskier assets with gold. Given the rising inflation expectations, weakening dollar and lofty valuations in some risky assets, demand for safe-haven inflation hedges should remain supported this year, and we can expect gold to test its all time high above \$2,100/toz in this year. Gold is often used by investors as a hedge against political and financial uncertainty.

Technical Outlook:

On the Daily Chart:

In COMEX GOLD is trading at \$1775

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX (\$)	1745	1720	1795	1815
MCX (Rs.)	47750	47350	48600	49200

RECOMMENDATION:

MCX Gold Dec: Buy ONLY above 48600 Stop Loss 48400 Targets 49100-49200.
Sell below 47800 Stop Loss 48000 Target 47350-47200.

SILVER

Technical Outlook:

On the Daily Chart:

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX (\$)	21.40	21	22.60	23.80
MCX (Rs.)	60000	58000	62100	64100

RECOMMENDATION:

MCX Silver Dec: Buy Only above 62100 Stop Loss below 61900 Targets 64000-64400
Sell below 60000 S/L above 61000 Target 58300-58000.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register worst monthly fall since March last year as Brent down almost 16% and WTI fall more than 20% after new variant of corona virus may resulted in more restrictions & lower demand for oil. During the month WTI suffers its 7th worst day fall in History after virus outbreak sharply. WTI down nearly 23% from its 7-year high hit in mid cot. The rebound in air travel is a key component in 2022 demand growth forecasts, representing the only major part of oil demand which is still clearly lagging 2019 levels.

India will release 5 million barrels of oil from its strategic reserves in coordination with other buyers including the United States, China, Japan and South Korea, a government statement said on Tuesday.

Going ahead, Oil prices are unlikely to mount much of a recovery in 2021 as a new corona virus variant and related travel restrictions threaten already weakened fuel demand. A new variant of the corona virus detected in Britain raises the risk of renewed restrictions and stay-at-home orders, which along with a phased rollout of vaccines might restrict further price gains. Additional lockdown measures and the careful OPEC+ dance of raising output will be the focal point for the first half of the year.

Technical Outlook:-

On the Daily Chart:

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX (\$)	78.5	75	82.20	85
MCX (Rs.)	5290	5220	5500	5850

RECOMMENDATION:

MCX Crude: Sell below 5300 Stop Loss above 5410 Target 5150-5050.
Buy above 5550 Stop Loss below 5480 Target 5700-5800

Natural Gas

Technical Outlook:

RECOMMENDATION:

MCX NG : Buy above 310 Stop Loss below 303 for Targets of 321-325.
Sell below 290 S/L above 300 Target 278-265 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen southward journey during Nov month except for Nickel which gain marginally as benchmark copper down a bit 0.7% against nickel gain 2%, while Zinc & Lead fall almost 5% each and Aluminum down about 4% mostly due to demand concern after new covid variant, China property market uncertainty, strong dollar which all resulted in profit booking across the base metals counter. However, strong recovery from pandemic demand, low inventory and ahead of deficit expected in few of the metals support prices at lower level. A stronger U.S. currency makes dollar-denominated metals more expensive for holders of other currencies, which is likely to subdue demand.

At end of the month, Copper stocks in LME-registered warehouses have been falling since late August and now stand at 76,450 tonnes. Another 10,350 tonnes are due to leave over the coming days. Aluminium LME inventories dropping to

893,775 tonnes, the lowest since September 2007 and down 55% from March. Most metals recently left warehouses in Malaysia, exchange data showed. Stocks of nickel in LME warehouses - - at 114,360 tonnes - are less than half the level in late April. Cancelled warrants - metal earmarked for delivery - at 48% indicate a further 55,098 tonnes are due to leave. Falling zinc stocks on the LME , down 20% to 161,450 tonnes since April, cancelled warrants at 22% and large warrant holdings have fuelled a jump in the premium for cash zinc over the three-month contract.

The copper market was in a 107,000 tonnes deficit in the first eight months of this year compared with a 97,000 tonnes deficit in the same period a year earlier, the International Copper Study Group said.

Latest numbers from top metal consumer China shows, China's factory activity unexpectedly picked up in November, growing for the first time in three months as raw material prices fell and power rationing abated

China's production of 10 nonferrous metals - including copper, aluminium, lead, zinc and nickel - was 5.26 million tonnes in October, up 0.5% from September but down 2.6% year-on-year

Going ahead, A year into the corona virus pandemic, the focus has been on the vaccines vs variants battle crucial to restoring some normality to the world economy. As per latest numbers effect of Covid-19 will likely to be longer than expected and play a bigger role to decide fresh direction for global growth as well base metals Prices. However, stimulus offer by various countries including China, US, EU... may support base metals at lower level but all will depend on how long global shut down will remain & ultimate its effect on different countries economy & trade. Chinese authorities are expected to roll out more supportive measures on top of a range of policy initiatives this year. Such measures - mostly medium to long-term policies - are likely to put a floor under the slowing economy in the second half of the year at the earliest.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	721	700	746	755

RECOMMENDATION:

COPPER MCX:- Sell below 720 Stop Loss above 730 Target 705-700 Range.
Buy above 742 Stop loss below 730 Target 755-760

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	192	188	185.5	190

RECOMMENDATION:

LEAD M MCX: - Sell below 184 Stop Loss above 185.50 Target 180-177.
Buy Only above 187 Stop Loss below 183 Target 194-197

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	271	266	278	281

RECOMMENDATION:

ZINC MCX :- Sell Only below 271 Stop Loss above 278 Target 262-255 Range
 Buy above 291 Stop Loss below 285 Target 300-305

NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1515	1505	1480	1460

RECOMMENDATION:

Nickel MCX :- Sell below 1515 Stop Loss above 1540 Targets 1470-1450
Buy Only above 1565 Stop Loss below 1540 Targets 1600-1620

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