

**GOLD**

**Market Outlook and Fundamental Analysis:**

Bullion register 3<sup>rd</sup> consecutive monthly gain after 7-months of fall, hit 9-month high and 6<sup>th</sup> weekly gain in last week of Jan, thanks to fall in dollar index which register 4<sup>th</sup> consecutive monthly fall added by slower rate hike expectations from US FED & increase cycle likely to end sooner than expected which resulted in technical break out from last few months trading range and makes Gold UP by almost 5.5. Against this spot silver fall marginally by 1% due to its industrial nature where demand seen slowing on recession fear and metals pick up not seen as expected from China which indicates recovery in global growth far away than predicted. Gold is known as a safe investment during economic and geo-political crisis, but a high-interest rate environment makes the non-yielding asset less attractive to investors in last year and now scenario seen changing and that factors seen in favors of Bullion.

Gold has shed 23% since its March peak after the Fed began tightening monetary policy till Nov last year, it has gained about 20% since the beginning of November as markets started pricing in a slower pace of rate hikes. Lower interest rates tend to be beneficial for bullion, decreasing the opportunity cost of holding the non-yielding asset. The market was still good for gold as a recession would be bullish, and bullion could still thrive in a smaller-rate-hike environment.

India world's biggest importer of silver raised total taxes on silver imports 15% and on silver dore to 14.35% on 1<sup>st</sup> Feb in budget speech, in an effort to align the duty structure of the metal with gold. The basic customs duty on silver was raised to 10% from 7.5% and Agriculture Infrastructure and Development Cess (AIDC) on the imports to 5% from 2.5%. Silver dore will carry a 10% basic import duty and 4.35% AIDC. The import duty on articles made of precious metals was increased to 25% from 22%.

US Nonfarm payrolls, a gauge to interest rates decision, shows U.S. job growth accelerated sharply in January while the unemployment rate hit a more than 53-1/2-year low of 3.4%, pointing to a persistently tight labor market, and a potential headache for Federal Reserve officials as they fight inflation. The strength in hiring despite layoffs in the technology sector as well as interest rate sensitive sectors like housing and finance keep the U.S. central bank on its monetary policy tightening path. The survey of establishments showed nonfarm payrolls surged by 517,000 jobs last month against economists polled by Reuters had forecast payrolls rising 185,000. Data for December was revised higher to show 260,000 jobs added instead of the previously reported 223,000. Employment growth last month was well above the monthly average of 401,000 in 2022. Also to be noted that

Government data few days ago showed there were 11 million job openings at the end of December, with 1.9 openings for every unemployed person.

after the U.S. Labor Department reported strong nonfarm data, it is now expected that U.S. Federal Reserve is likely to need at least two more interest-rate hikes, lifting the benchmark rate to above 5%, to slow an unexpectedly strong labor market seen as contributing to high inflation.

Powell said in a news conference following the Fed's latest quarter-point interest rate increase. He had a clear message on latest FED meet, as "gratifying" as it is that inflation has begun to slow, the central bank is nowhere near to reversing course or declaring victory. "It's going to take some time" for disinflation to spread through the economy, He said he expects a couple more rate hikes still to go, and, "given our outlook, I just I don't see us cutting rates this year." Either cutting in September or waiting until next year, would be in the historical range. Since the 1990s, the interlude between rate hikes and rate cuts has varied from as long as 18 months in 1997-1998 to as short as five months in 1995.

The BoE's policymakers had then raised Britain's rates by 50 basis points with a thumping 7-2 majority to 4%, it's highest since 2008 and as per expectations. The ECB matched the move and signaled it would be another 50 bps next month too. The Bank of England raised interest rates for the 10th straight time and signaled the tide was turning in Britain's battle against high inflation, forcing investors to dial down bets on a more aggressive tightening of policy.

The European Central Bank raised interest rates by 0.5% and explicitly signaled at least one more hike of the same magnitude next month, reaffirming it would stay the course in the fight against high inflation.

US PPI In the 12 months through December, increased 6.2% after climbing 7.3% in November. Economists had forecast the PPI dipping 0.1% on the month and gaining 6.8% year-on-year. In the 12 months through December, the core PPI rose 4.6% after increasing 4.9% in November. British inflation eased last month after hitting a 41-year high in October, annual consumer price inflation fell to 10.5% in December from November's 10.7%, a drop in line with economists' forecasts in a Reuters poll. The Bank of England forecast in November that headline CPI would drop from a peak of 11.1% last October to around 5% by the end of 2023 as energy prices stabilise.

U.S consumer prices unexpectedly fell for the first time in more than 2-1/2 years in December as CPI dipped 0.1% last month after gaining 0.1% in November. That was the first decline in the CPI since May 2020, when the economy was reeling from the first wave of COVID-19 infections. Economists polled by Reuters had forecast the CPI unchanged. In the 12 months through December, the CPI increased 6.5%. That was the smallest rise since October 2021 and followed a 7.1% advance in November. The annual CPI peaked at

9.1% in June, which was the biggest increase since November 1981. Inflation remains well above the Federal Reserve's 2% target.

India the world's second-biggest gold buyer, gold consumption in 2022 fell 3% from a year earlier, as a rally in local prices to near-record highs curtailed bullion demand during the key December quarter, the World Gold Council (WGC) said. India's gold consumption declined to 774 tonnes last year as demand dropped 20% to 276.1 tonnes in the December quarter, the WGC said in a report. India's gold imports in December plunged 79% from a year earlier to the lowest level in at least two decades for the month as a rally in local prices near record high dampened demand, according to government sources. India imported 20 tonnes in the December, down from 95 tonnes a year ago. The country's gold imports in 2022 dropped to 706 tonnes from 1,068 tonnes a year ago sources said.

Central banks added a whopping 1,136 tonnes of gold worth some \$70 billion to their stockpiles in 2022, by far the most of any year since 1967, the World Gold Council (WGC) said. The central bank purchases took total gold global gold demand last year to 4,741 tonnes, up 18% from 2021 and the highest for any year since 2011.

On data side, The euro zone eked out growth in the final three months of 2022, as GDP across the currency bloc expanded by a tiny 0.1% in the fourth quarter, outperforming expectations in a Reuters poll for a 0.1% drop. Compared to a year earlier, growth was 1.9%, just beating expectations of 1.8%. U.S. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, dropped 0.2% in Dec month against economists polled by Reuters had forecast consumer spending dipping 0.1%. Data for November was revised lower to show spending slipping 0.1% instead gaining 0.1% as previously reported. The PCE price index edged up 0.1% last month after a similar gain in November. In the 12 months through December, the PCE price index increased 5.0% after advancing 5.5% in November. The U.S. economy grew faster than expected in the fourth quarter, but that likely exaggerates the nation's health as a measure of domestic demand rose at its slowest pace in 2-1/2 years, reflecting the impact of higher borrowing costs. As GDP increased at a 2.9% annualized rate last quarter. The economy grew at a 3.2% pace in the third quarter. Economists polled by Reuters had forecast GDP would rise at a 2.6% rate. U.S. retail sales fell more than expected in December, as Retail sales fell 1.1% last month. Data for November was revised to show sales dropping 1.0% instead of 0.6% as previously reported. It was the second straight monthly decline. Economists polled by Reuters had forecast sales decreasing 0.8%. Retail sales rose 6.0% year-on-year in December.

On domestic Data update, Robust growth in India's services industry eased last month after touching a six-month high in December, with softening orders spurring caution in companies' business outlooks for the year, a private business survey showed. India Manufacturing PMI, compiled by S&P Global, fell to 55.4 last month from 57.8 in December, well below the 57.4 predicted in a Reuters poll. Still, it remained well above the

50-mark separating growth from contraction for a 19th straight month. India's annual WPI eased to its lowest levels in nearly two years, helped by a sharp fall in vegetable prices as WPI inflation for December was 4.95% year-on-year, lower than the Reuters forecast of 5.60% and 5.85% recorded in the previous month.

Indian finance ministry's released its annual Economic Survey and forecast economic growth of 6% to 6.8% in the 2023/24 fiscal year, slowing from the 7% growth projected for the current year ending on March 31, as a global slowdown is likely to hurt exports.

Canadian miner Barrick Gold Corp reported a 13.4% sequential rise in gold production in what could be its highest quarterly output last year, driven by strong performances from its mines in Nevada and Ivory Coast. Gold prices gained 9.9% during the October-December quarter, the best since mid-2020.

Separately, The International Monetary Fund on Tuesday raised its 2023 global growth outlook slightly due to "surprisingly resilient" demand in the United States and Europe, an easing of energy costs and the reopening of China's economy after Beijing abandoned its strict COVID-19 restrictions. The IMF said global growth would still fall to 2.9% in 2023 from 3.4% in 2022, but its latest World Economic Outlook forecasts mark an improvement over an October prediction of 2.7% growth this year with warnings that the world could easily tip into recession. For 2024, the IMF said global growth would accelerate slightly to 3.1%.

Going ahead, Gold price moves will continue to be dictated by the Fed's response to bubbling inflation in 2023. Due to the IMF's revised global GDP prediction, reducing inflation, the halt in interest rate hikes, the weakening dollar, and China's reopening, the global commodities market is anticipated to exhibit a mixed trend in 2023, and the global economy is currently experiencing a slowdown. This is likely to have a mixed effect on the commodities market as well Bullion.

## Technical Outlook:

### On the Daily Chart MCX:



In COMEX GOLD is trading at \$1874

### **Expected support and Resistance level for the month**

Gold	S1	S2	R1	R2
COMEX/DG CX (\$)	1860	1825	1920	1960
MCX (Rs.)	56500	54200	58000	58900

Mcx Trend seen Bullish as long S1 hold, while Sustain close above 58000 seen prices towards R2.

**SILVER**

**Technical Outlook:**

**On the Daily Chart MCX:**



**Expected support and Resistance level for the month**

Silver	S1	S2	R1	R2
COMEX/DG CX (\$)	20.50	18.80	23.70	24.70
MCX (Rs.)	66700	65000	70800	72700

MCX trend seen Bullish as long hold S1, While Sustain above 70800 seen Sharp Rally towards R2.

## **CRUDE OIL**

### **Market Outlook and Fundamental Analysis**

Energy complex register a 3<sup>rd</sup> consecutive monthly fall in Jan as both benchmark Brent and WTI fall marginally to end flat as in first half price rally towards 1-month peak on demand expectations from China reopening, added by some supply disturbances and on dollar index weakness. But it pared gain in second half of the last month due to recession fear, higher supply from Russia and after demand not emerges as expected from China makes selling at higher level and ended almost flat for the month January. The market also came under pressure from indications of strong Russian supply despite a European Union ban and G7 price cap imposed over its invasion of Ukraine. Crude prices have rallied in 2023, with global benchmark Brent crude topping \$89 a barrel this week for the first time since early December on the ending of China's COVID-19 controls and hopes that rises in U.S. interest rates will soon taper off. During the first half, WTI up for a 9<sup>th</sup> session in a row for the first time since January 2019 and pushed the contract into technically overbought territory for the first time since October 2022.

In latest weekly update, The Energy Information Administration (EIA) said that U.S. crude inventories rose by 533,000 barrels in the last week to 448.5 million barrels. Analysts polled by Reuters were expecting a 1 million-barrel rise.

Meanwhile, Russia said it aims to ban oil sales from Feb. 1 to countries that abide by a G7 price cap imposed on Dec. 5, although details of how the ban would work were unclear.

India, the world's third-biggest oil consumer and importer, now Russia became the third-largest oil supplier to India in 2022, making up about 15% of total purchases, dragging down OPEC's share to the lowest in more than a decade, data obtained from industry sources show. In 2021, Russia was at the 17th spot, supplying about 1% of India's overall imports. For Dec month India's oil imports from Russia surged to an all-time high of 1.25 million barrels per day (bpd), about a quarter of overall 4.9 million bpd purchase, the data showed.

India, world's third biggest oil importer and consumer, Sales of gasoline and gasoil by Indian state-run retailers declined in January from the previous month as cold weather in parts of the country hit the movement of personal and commercial vehicles, preliminary sales data showed.

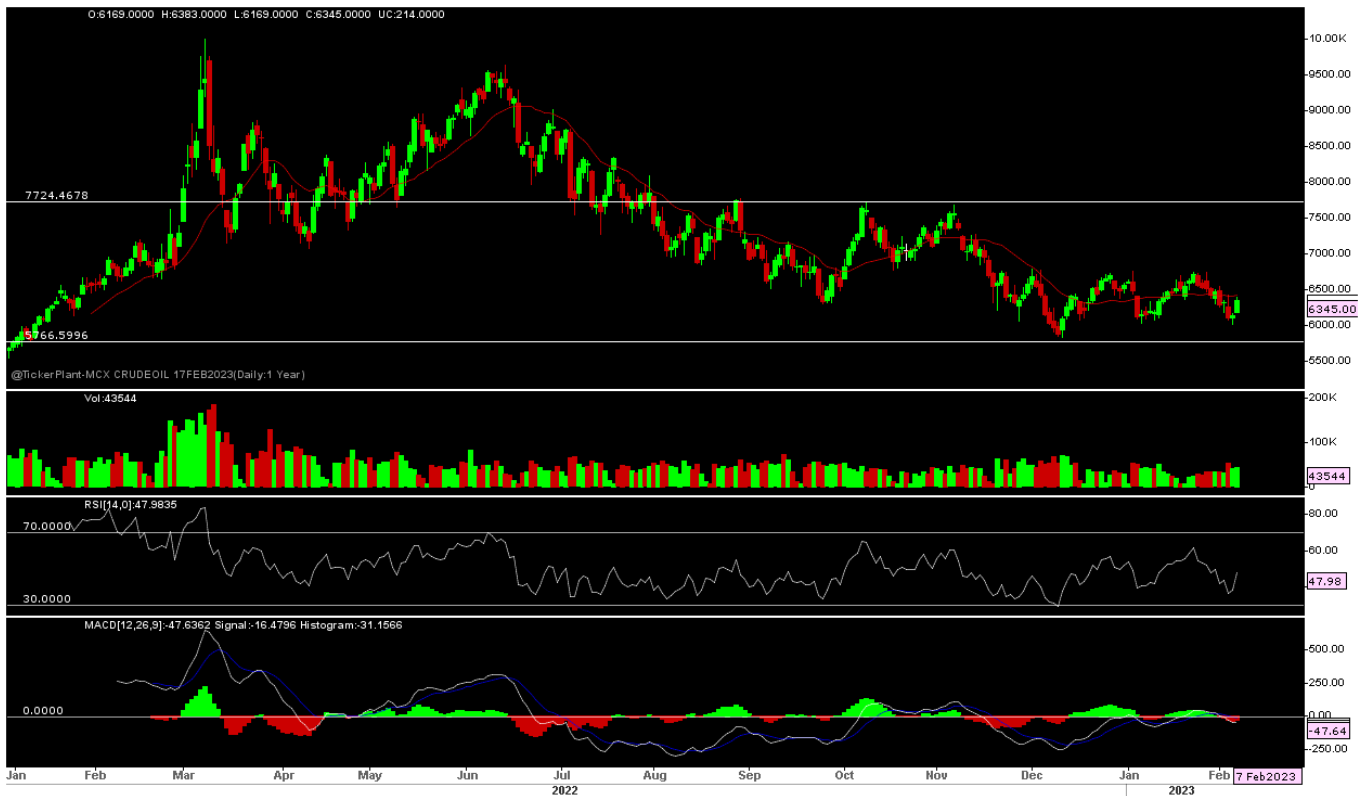


The Volkswagen Group reported its lowest sales in over a decade in 2022 as COVID-19 lockdowns in China and the war in Ukraine upended supply chains, and a fourth-quarter recovery risks running into further challenges this year.

Going ahead, Oil prices are set for small gains in 2023 as a darkening global economic backdrop and COVID-19 flare-ups in China threaten demand growth and offset the impact of supply shortfalls caused by sanctions on Russia. It is to be expected that oil demand will grow significantly in the second half of 2023, driven by the easing of COVID-19 restrictions in China and by central banks adopting a less aggressive approach on interest rates.

## Technical Outlook:-

### On the Daily Chart MCX:

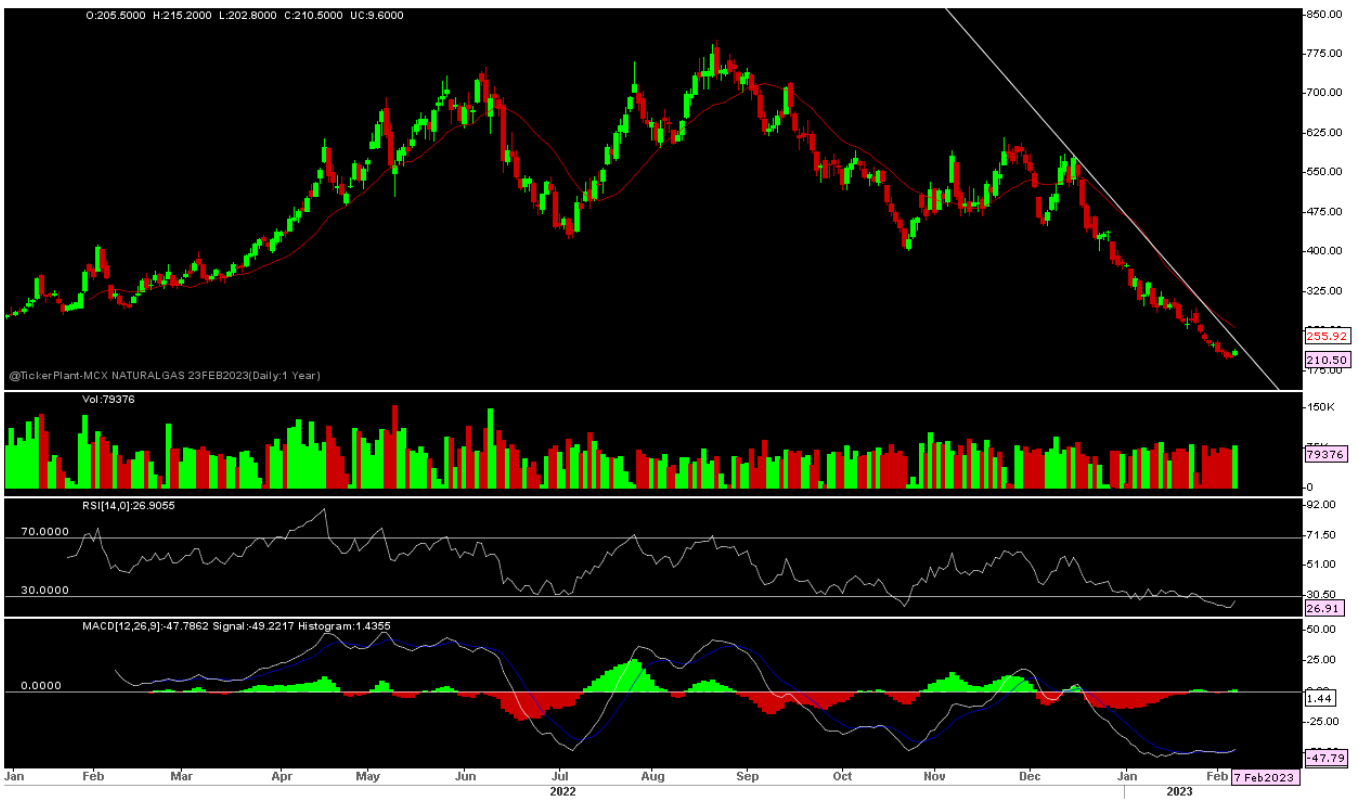




**Natural Gas**

**Technical Outlook:**

**On the Daily Chart MCX:**



Natural Gas	S1	S2	R1	R2
MCX (Rs.)	197	180	235	275

MCX trend seen Bearish as long hold R1, While Sustain Close below 197 seen towards 182-180 belt.

## **Base Metals**

### **Market Outlook and Fundamental Analysis**

#### **COPPER:**

Base metal complex seen a 3<sup>rd</sup> consecutive monthly gain after 7-month of fall as demand expectations from top metal consumer China support prices added by fall in dollar index , likely pause in US FED interest rates cycle and supply disturbance buyout metals for the month Jan. for first half of last month price seen in small range amid China holidays & in absence of fresh fundamentals, but in second half metal index rally towards 1-year high after some profit booking drag prices lower in last week of the month. Benchmark Copper in domestic Future market up 4<sup>th</sup> consecutive month by almost 10% followed by Zinc gain almost 11% and Aluminum rally 8% against minor fall seen Lead which down 1% and resulted metal index rose almost 3% during the month of Jan.

Latest number from top metal consumer China shows, Caixin/S&P Global manufacturing PMI nudged up to 49.2 in January from 49.0 in December but missed the expectation in a Reuters poll of 49.5. Since the reading was below 50, it marks a sixth straight monthly contraction. China's economic activity swung back to growth in January, as the official PMI, which measures manufacturing activity, rose to 50.1 in January from 47.0 in December against economists in a Reuters poll had predicted the PMI to come in at 48.0. Since the result was above 50.0, it implied growth. China kept benchmark lending rates unchanged for a 5<sup>th</sup> month on, as expected, but future cuts are possible as the central bank has pledged to support the COVID-ravaged economy. The 1-year loan prime rate (LPR) - on which most new and outstanding loans are based - was left at 3.65%. The five-year LPR , considered a reference rate for mortgages, was held at 4.30%. China last cut both LPRs in August.

China's economic growth in 2022 slumped to one of its worst levels in nearly half a century as the fourth quarter was hit hard by strict COVID curbs and a property market slump. For 2022, GDP expanded 3.0%, badly missing the official target of "around 5.5%" and braking sharply from 8.4% growth in 2021. Excluding the 2.2% expansion after the initial COVID hit in 2020, it's the worst showing since 1976 - the final year of the decade-long Cultural Revolution that wrecked the economy. Also, GDP grew 2.9% in October-December from a year earlier, slower than the third-quarter's 3.9% pace. The rate still exceeded the second quarter's 0.4% expansion and market expectations of a 1.8% gain. Other side, Factory output grew 1.3% in December from a year earlier, slowing from a 2.2% rise in November, while retail sales, a key gauge of consumption, shrank 1.8% last month after November's 5.9% drop.

China's property industry was among the biggest drags on growth. Investment in the sector fell 10.0% year-on-year in 2022, the first decline since records began in 1999, and property sales slumped the most since 1992, NBS data showed, suggesting that government support measures were having minimal impact so far.

Adding to the challenges facing the economy and the government, China's population in 2022 fell for the first time since 1961, the NBS data showed, a historic turn that is expected to mark the start of a long period of decline in its citizen numbers and see India become the world's most populous nation in 2023.

On Supply side, Glencore said its copper production fell 12% in 2022, impacted by issues at its Katanga open-pit mine in the Democratic Republic of Congo (DRC). It produced 1.06 million tonnes of copper last year, and kept its 2023 outlook unchanged at around 1.04 million tonnes. Its zinc production fell 16% to 938,500 tonnes due to mine closures and sales, while cobalt output of 43,800 tonnes rose 40% year on year, due to the restart of the Mutanda mine in the DRC.

China's annual aluminium output in 2022 rose 4.5% from the previous year to a record high, reaching 40.21 million tonnes with a boost from newly launched capacity and a relaxation of power supply restrictions.

Going ahead, Spiraling inflation, COVID lockdowns in top consumer China and aggressive interest rate rises are behind economic weakness and dwindling demand growth for industrial metals such as copper, used in the power and construction industries.

### **Base Metals**

#### **TECHNICAL OUTLOOK:**

#### **COPPER:**



Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	760	735	790	815

MCX trend seen Bullish as long hold S1, While Sustain below 760 seen Down rally towards 740-735 belt.

**LEAD:**

**Technical Outlook:**

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	183	178	190	193

MCX trend seen Bullish as long hold S1 while Sustain Close above 190 & 193 seen 198-199 belt.

Created with

**ZINC**

**TECHNICAL OUTLOOK:**

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	273	267	300	305

MCX trend seen Bullish as long hold S1, While Sharp Uprally expected only Sustain above 300 & 305

**NICKEL**

**TECHNICAL OUTLOOK:**

No View due to Low Volumes

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX				

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