MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

GOLD

Market Outlook and Fundamental Analysis:

Bullion Index register 2nd consecutive monthly fall in Jan by 1.5% after FED expected to hold rate cut later than expected earlier which buyout dollar index as well US treasury yield added by technical sell off seen after war premium cool down to some extent. However bullion likely to recover after recent sell off due to expected rate cut by FED in H2-2024 added by ongoing geopolitical tension and consistent central banks buying spree. Bullion generally remains positive during geopolitical as well financial crisis. 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 still this will play a vital role to decide prices in months to come.

US Nonfarm payrolls, a gaunge to interest rates decision, U.S. job growth accelerated in January, as Nonfarm payrolls increased by 353,000 jobs last month against economists polled by Reuters had forecast payrolls increasing 180,000 and data for December was revised higher to show 333,000 jobs added instead of 216,000 as previously reported. Employment gains remain well above the roughly 100,000 jobs per month needed to keep up with growth in the working age population. Average hourly earnings increased 0.6% last month after rising 0.4% in December. In the 12 months through January, wages increased 4.5% after advancing 4.3% in the prior month. The unemployment rate was at 3.7% in January.

Major central banks are now signaling that interest rates will likely move lower in coming months as inflation weakens, calling time on what of what has been the most aggressive tightening cycle in decades. The United States, UK and Sweden all left rates steady this week, with the U.S. Federal Reserve saying it sees lower rates on the horizon. It is to be expected the Fed and ECB to start easing around the mid-year mark, while outlier Japan could finally hike rates soon.

The Bank of England kept interest rates at a nearly 16-year high but opened up the possibility of cutting them as inflation falls and one of its policymakers cast a first vote for a reduction in borrowing costs since 2020. It was the first time since 2008 that the Monetary Policy Committee had voted for both rate cuts and hikes at the same meeting. Six members voted to keep rates at 5.25%. Bailey said it was too soon to declare victory and getting inflation down to its 2% target would not be "job done" because of the risk it could pick back up. But he said there was a shift in the BoE's thinking. "For me, the key question has moved from 'How restrictive do we need to be?' to 'How long do we need to maintain this position for?'" he told a press conference.

In its latest policy meet, the US FED Chair Jerome Powell, in a sweeping endorsement of the U.S. economy's strength, said that interest rates had peaked and would move lower in coming months, with inflation continuing to fall and an expectation of sustained job and economic growth. "Inflation is still too high. Ongoing progress in bringing it down is not assured," Powell said after the Fed's policy-setting committee kept the benchmark overnight interest rate in the 5.25%-5.50% range and announced that rate cuts would not be appropriate until there is "greater confidence that inflation is moving" towards the central bank's 2% target. Powell said rate cuts would come once the Fed becomes more secure that inflation will continue to decline from a level it still characterizes as "elevated," at least on a one-year basis, with the personal consumption expenditures price index, a key measure used by policymakers, at 2.6% on an annual basis as of December. But he also suggested it was just a matter of time before that conviction kicks in.

The European Central Bank held interest rates at a record-high 4% and reaffirmed its commitment to fighting inflation even as the time to start easing borrowing costs approaches.

The U.S. economy grew faster than expected in the fourth quarter amid strong consumer spending, and shrugged off dire predictions of a recession after the Federal Reserve aggressively raised interest rates, with growth for the full year coming in at 2.5%. Gross domestic product increased at a 3.3% annualized rate last quarter after advancing at a 4.9% pace in the third quarter. Growth last year accelerated from 1.9% in 2022, and was the fastest in two years. From the fourth quarter of 2022 through the fourth quarter of 2023, the economy grew 3.1%, blowing away economists' estimates for a 0.1% contraction back in December 2022.

Consumer spending, which accounts for more than two-thirds of U.S. economic activity, grew at a 2.8% rate in the October-December quarter after rising at a 3.1% pace in the third quarter. The personal consumption expenditures (PCE) price index excluding the volatile food and energy components rose at a 2.0% pace, matching the July-September quarter's increase.

U.S. monthly consumer prices rose less than initially estimated in December, but underlying inflation remained a bit warm, seen as a mixed picture. The consumer price index rose 0.2% in December instead of 0.3% as reported last month, but data for November was revised up to show the CPI increasing 0.2% rather than 0.1% as previously estimated. The CPI gained 0.1% in October. Prices were previously reported to have been unchanged in October.

U.S. labor costs rose less than expected in the fourth quarter, leading to the smallest annual increase in two years, as the Employment Cost Index (ECI), the broadest measure of labor costs, increased 0.9% last quarter after advancing 1.1% in the July-September period against economists polled by Reuters had forecast the ECI gaining 1.0%.Labor costs increased 4.2% on a year-on-year basis, the smallest gain since the fourth quarter of 2021, after rising 4.3% in the third quarter. Annual compensation growth peaked at 5.1% in 2022.

Global gold demand excluding over-the-counter (OTC) trading fell by 5% from to 4,448.4 metric tons in 2023 but remained strong compared with a 10-year average due to geopolitical and economic uncertainty, the World Gold Council (WGC) said. Including demand from the OTC markets and other sources, total demand climbed by 3% to a new annual record at 4,898.8 tonnes and supported the growth of the 2023 average gold price to a record high of $1,940.54, the WGC said in its quarterly demand trends report. As the central bank buying streak continued on from 2022 "at a blistering rate," demand from this sector reached 1,037.4 tonnes in 2023, down 4% from the 2022 record year, the WGC said in its report. Purchases from central banks are expected to slow down by around 200 tonnes in 2024 but remain higher than prior to 2022. In 2023, jewellery consumption was steady at 2,092.6 tonnes due to 17% post-COVID increase in demand in China and despite high gold prices, the WGC said.

India's gold demand is expected to be subdued in the first quarter of 2024 due to lower jewellery sales, but annual demand is anticipated to rise as consumers adjust to higher prices, the World Gold Council (WGC) said. India's gold demand has been stuck between 700 and 800 metric tons in the past five years, but it is expected to break out of this range and rise to between 800 and 900 tons in 2024. Indian gold demand fell 3% in 2023 from the prior year to 747.5 tons, the lowest since 2020, as prices rallying to a record high curtailed jewellery demand, the WGC said in a report. Switzerland, the United Arab Emirates, Peru, and Ghana are leading gold suppliers to India. Indian gold consumption in the Oct-Dec quarter fell 4% to 266.2 tons, as a drop in jewellery demand overshadowed higher sales of coins and bars for investment purposes, the WGC said.

London's gold price benchmark hit an all-time high of $2,069.40 per troy ounce on 28-12, surpassing the previous record of $2,067.15 set in August 2020, the London Bullion Market Association (LBMA) said. LBMA is a leading bullion trade body that certifies gold refiners, allowing them access to London's bullion market, the worlds largest. The LBMA Gold Price is the global benchmark price for unallocated gold delivered in London. The London gold price opened the year on Jan. 3 at $1,835.05 and has since risen by 12.7%, LBMA said. Since the turn of the century, the price has increased more than seven-fold.

The IMF edged its forecast for global economic growth higher, upgrading the outlook for United States and China and citing faster-than-expected easing of inflation. But cautioned that the base of expansion was slow and risks remained, including geopolitical tensions in the Middle East and attacks in the Red Sea that could disrupt commodity prices and supply chains. The IMF said the improved outlook was supported by stronger private and public spending despite tight monetary conditions, as well as increased labor force participation, mended supply chains and cheaper energy and commodity prices. The IMF forecast global growth of 3.1% in 2024, up two-tenths of a percentage point from its October forecast, and said it expected unchanged growth of 3.2% in 2025. The historical average for the 2000-2019 period was 3.8%. Global trade was expected to expand by 3.3% in 2024 and 3.6% in 2025, well below the historical average of 4.9%, with gains weighed down by thousands of fresh trade restrictions. The IMF stuck with its October forecast for headline inflation of 5.8% for 2024, but lowered the 2025 forecast to 4.4% from 4.6% in October. The IMF said average oil prices would drop 2.3% in 2024, versus the 0.7% decline it had predicted in October, and said prices were expected to drop 4.8% in 2025.

The United States got one of the biggest upgrades in the January update of the IMF outlook, with its GDP now forecast to expand by 2.1% in 2024 versus the 1.5% forecast in October. Growth was expected to ease to 1.7% in 2025. The euro area got a downgrade, and was now expected to grow just 0.9% in 2024 and 1.7% in 2025, with the biggest European economy - Germany - expected to see minimal GDP growth of 0.5% in 2024 instead of the 0.9% forecast in October. China's GDP was expected to grow by 4.6% in 2024, an upward revision of four-tenths of a percentage point from October, and 4.1% in 2025. Russia's GDP was expected to grow 2.6% in 2024, 1.5 percentage points more than expected in October, with growth seen easing to 1.1% in 2025.

On data side, U.S. business activity picked up in January and inflation appeared to abate, as S&P Global said that its flash U.S. Composite PMI Output Index, which tracks the manufacturing and services sectors, increased to 52.3 this month, the highest level since last June. The rise from 50.9 in December was driven by gains in both services and manufacturing activity. The survey's flash manufacturing PMI rebounded to a 15-month high of 50.3 from 47.9 in December. Its flash services sector PMI climbed to 52.9, the highest reading since last June, from 51.4 in the prior month. The preliminary S&P Global/CIPS UK Composite PMI, spanning services and manufacturing firms, rose to 52.5 in January, its highest in seven months and up from December's 52.1. British retailers suffered the biggest drop in sales for almost three years during December, as retail sales volumes shrinking 3.2% between December and November, the biggest monthly drop since January 2021 and left the level of sales at its lowest ebb since May 2020. Compared with a year earlier, retail sales excluding fuel were 2.1% lower in volume terms and up 2.3% in cash terms, the smallest annual increase since December 2022. U.S. retail sales increased more than expected in December as consumers stepped up purchases of motor vehicles and retailers offered discounts, as Retail sales rose 0.6% for Dec month against Economists polled by Reuters had forecast retail sales gaining 0.4% and data for November was unrevised to show sales rising 0.3% as previously reported. Britain's annual rate of consumer price inflation (CPI) sped up for the first time in 10 months in December, rising to 4.0% from November's more-than-two-year low of 3.9% and denting market expectations for an early Bank of England rate cut. Core inflation - which excludes volatile food, energy, alcohol and tobacco prices - was unchanged 5.1% in December, in contrast to economists' expectations for a drop to 4.9%, and the first month since July that it has not fallen.

U.S. producer prices unexpectedly fell in December amid declining costs for goods such as diesel fuel and food, as the PPI for final demand dipped 0.1% last month, Data for November was revised to show the PPI falling 0.1% instead of being unchanged as previously reported. The PPI has now declined for three consecutive months. In the 12 months through December, the PPI increased 1.0% after advancing 0.8% in November. U.S. consumer prices increased more than expected in December as rents maintained their upward trend, which could delay a much anticipated interest rate cut in March from the Federal Reserve. The CPI rose 0.3% last month after nudging up 0.1% in November. In the 12 months through December, the CPI rose 3.4% after increasing 3.1% in November. Economists polled by Reuters had forecast the CPI gaining 0.2% on the month and climbing 3.2% on a year-on-year basis. The annual increase in consumer prices has cooled from a peak of 9.1% in June 2022.

Australia's central bank held interest rates steady but cautioned that a further increase could not be ruled out given inflation was still too high, a strong signals that it isn't in a hurry to start easing policy anytime soon. Wrapping up its first policy meeting of the year, the RBA kept rates at a 12-year high of 4.35%, but left the door open to another rise if needed. The RBA has jacked up interest rates by 425 basis points since May 2022 to tame stubbornly high inflation. While inflation fell to a two-year low of 4.1% in the fourth quarter and some distance from the 2022 peak of 7.8%, it is still well above target.

Separately, Spot palladium prices fell below those of sister metal platinum for the first time since April 2018 on Thursday, as growing demand concerns and bets on stable supply weighed on the metal. Palladium fell by 39% in 2023 as its strong price growth in 2018-2022 caused the auto sector, accounting for 80% of demand for the metal, to start replacing it with cheaper platinum in the autocatalysts curbing harmful emissions. South Africa and Russia account for 80% of global palladium mined output, with the rest mined in North America.

India's Finance Minister in interim budget, unveiled plans to spend nearly $134 billion on infrastructure and focus on long-term reforms to drive growth and contain the fiscal gap despite pressures to raise spending before elections. The fiscal deficit target for the next fiscal year has been reduced to 5.1% of GDP compared to the revised deficit estimate of 5.8% for the current fiscal year.

India's economy is likely to grow at 6.5% in the financial year starting April 1, 2024 and at a similar pace the year after, the International Monetary Fund said in its World Economic Outlook. The strong growth projection for India came even as the report projected that growth in the wider region of "developing Asia" will decline to 5.2% in 2024 and 4.8% in 2025 from an estimated 5.4% in 2023.

India is the world's second biggest consumer of gold, government has increased the import duty on gold and silver findings, used in making jewellery, and on precious metal coins to 15% from 11%, effective from Jan. 22, to bring them in line with duties on gold and silver bars. In a notification also hiked the import duty on spent catalysts containing precious metals to 14.35% from 10.1%. The move aims to prevent circumvention of the duty on gold and silver bars, a government official said, after a surge in imports in the last two months of gold findings: hooks, clasps and other components used to make jewellery.

On domestic Data update, India's dominant services sector expanded at the fastest pace in six months in January on robust demand, as The HSBC final India Services PMI, compiled by S&P Global, jumped to 61.8 last month from December's 59.0. The final reading also beat a preliminary estimate of 61.2, remaining above the 50-mark separating expansion from contraction for a 30th consecutive month. India's manufacturing industry improved substantially at the start of 2024 with factory activity expanding at its fastest pace in four months in January on robust demand and an upbeat year-ahead outlook, as The HSBC final India Manufacturing PMI, compiled by S&P Global, rose to 56.5 in January from December's 18-month low of 54.9. Although the final reading was a tad lower than a preliminary estimate of 56.9, it was comfortably above the 50-mark that separates expansion from contraction. It has been above breakeven since June 2021. India's infrastructure output, which makes up 40% of its industrial production, grew at its slowest pace in more than a year in December, due to weakness in crude oil production and electricity generation, as Infrastructure output rose 3.8% year-on-year, the lowest rate of growth since 0.7% recorded in October, 2022. In the first nine months of the financial year that started on April 1, infrastructure output rose 8.1% year-on-year, the data showed. India's business activity expanded at the fastest pace in four months in January on stronger demand, as HSBC's flash India Composite PMI, compiled by S&P Global, rose to 61.0 this month, its highest since September, from December's final reading of 58.5. That put the index above the 50-mark that separates expansion from contraction for the 30th consecutive month. India's wholesale price index in December rose 0.73% yoy to a 9-month high, mainly on the back of higher food prices against slower than the 0.9% expected by economists polled by Reuters, but quickened from 0.26% in November. India's annual retail inflation rose at the fastest pace in four months in December, driven by a rise in prices of some food items, as Annual retail inflation rose to 5.69% in December from 5.55% the previous month, above the central bank's 4% target, Indian government data showed on Friday. India's industrial output rose 2.4% year on year in November, its weakest pace in eight months, data from the Ministry of Statistics showed on Friday, after manufacturing growth slowed. The figure lags a 4% growth forecast by analysts in a Reuters poll, and a 7.6% output same month last year.

India's central bank left rates unchanged, signalling that interest rate cuts may be some time away as it focuses on the "last mile of disinflation" towards its 4% medium-term target and the economy remains resilient. The MPC left the key repo rate unchanged at 6.50%, for the sixth straight meeting. The RBI raised rates by 250 basis points between May 2022 and February 2023. Economists see the central bank holding off on rate cuts till the second half of 2024. The Indian economy is expected to expand 7.3% in the year ending March 31, 2024 and the central bank projected growth of 7% in 2024-25, in line with the federal government's forecast. The central bank estimates retail inflation to come in at 5.4% in 2023-24, unchanged from its previous projection. For next year, assuming normal rains, retail inflation is expected at 4.5%.

India's fiscal deficit for the first nine months of the 2023/34 financial year was 9.82 trillion rupees, or 55% of the estimate for the whole year, government data showed. Net tax revenues for the April-December period were 17.30 trillion rupees, or about 74.2% of the annual estimate, compared with 15.56 trillion rupees in the same period last year, according to the data. The financial year began April 1, 2023. Total expenditure during the period was 30.54 trillion rupees, or about 68% of the annual goal, compared with 28.18 trillion rupees in the same period last year.

Other side, the global economy is on course to hold up better this year than expected only a few months ago as an improved outlook in the United States offsets euro zone weakness, the OECD said. World economic growth is expected to ease from 3.1% in 2023 to 2.9% this year, better than the 2.7% expected in November. The U.S. economy was expected to grow 2.1% in 2024 and 1.7% in 2025 as lower inflation boosted wage growth and triggers interest rate cuts, the OECD said, raising its 2024 forecast from 1.5% previously and leaving 2025 unchanged. As China contends with real estate market wobbles and weak consumer confidence, its growth was seen slowing from 5.2% in 2023 to 4.7% in 2024 and to 4.2% in 2025, all unchanged from November forecasts. It estimated that if a surge in shipping costs persisted annual OECD import price inflation could increase by close to 5 percentage points, adding 0.4 percentage points to consumer price inflation after about a year.

Hong Kong's economic growth accelerated in the fourth quarter to 4.3% from a year earlier, compared with 4.1% growth in third quarter, 1.5% expansion in the second quarter and the 2.9% in the first. However, the reading missed a median forecast of 4.7% in a Reuters poll of 14 economists. Taiwan's trade-dependent economy grew faster than expected in the fourth quarter thanks to strong domestic consumption and a rebound in exports, GDP in the October-December period grew by a preliminary 5.12% from a year earlier, beating the 4.35% growth forecast by analysts in a Reuters poll.

Canadian miner Barrick Gold Corp full-year preliminary production of gold fell from a year earlier, even as output rose sequentially in the fourth quarter. The world's second-largest gold miner said in November its 2023 gold production was forecast to be lower than expected due to equipment issues at its Dominican Republic mine and lower output at two sites in the Nevada Gold Fields project. Barrick reported a 2.17% fall in 2023 gold output at 4.05 million ounces from a year earlier, which came below its forecast, and analysts' average estimate of 4.16 million ounces, according to LSEG data.

Going ahead, Gold likely to continue its northward journey with record high prices on sight in 2024, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market. To makes bullion attractive assets class, we need to see stronger demand from investors, such as a pickup in ETF inflows, continue central banks buying and for all that weaker U.S. economic data and lower inflation is needed, so that the Fed sounds more dovish.

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

In COMEX GOLD is trading at $2020

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1970	1930	2065	2090
MCX (Rs.)	61800	61000	62400	63300

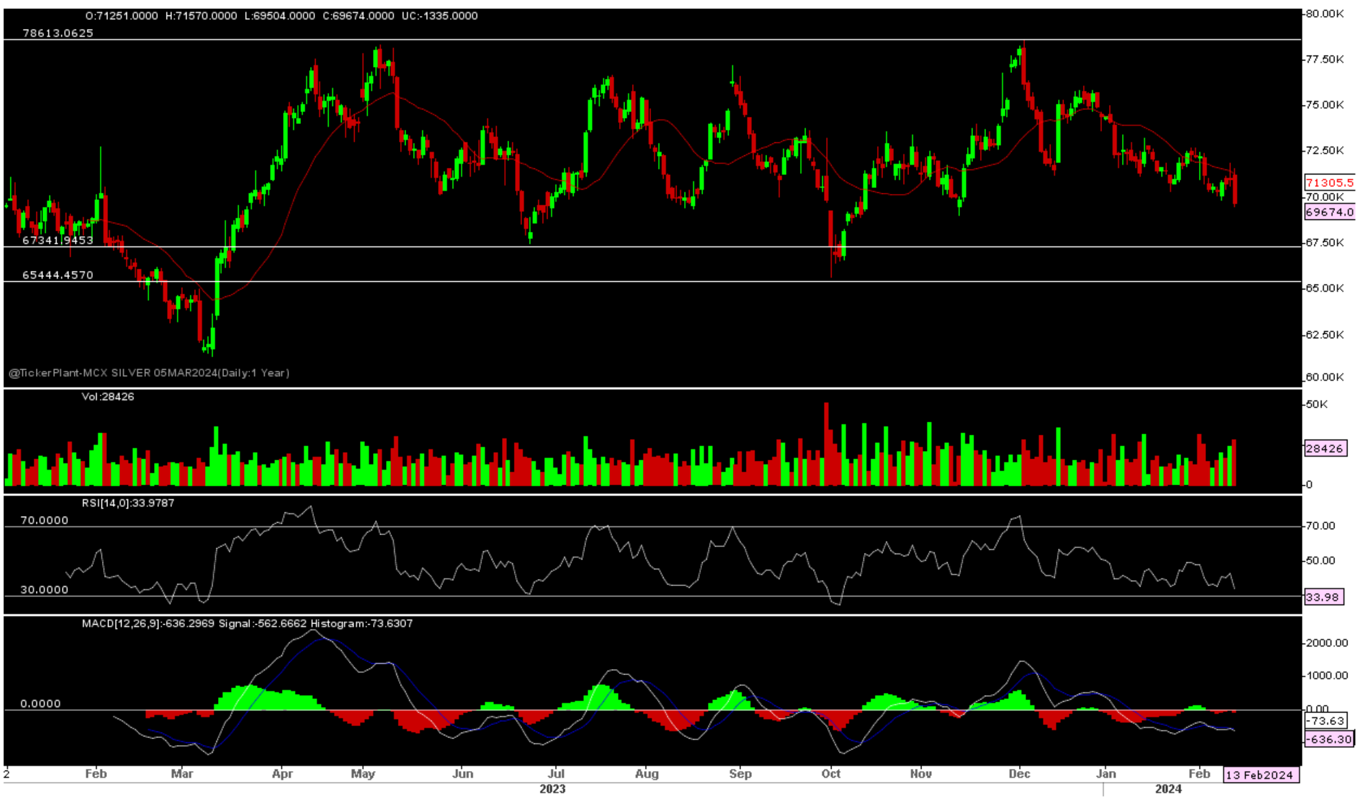
Mcx Trend seen Bearish as long R1 hold, while Sustain close below 61800 seen prices towards S2.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

SILVER

Technical Outlook:

On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	21.85	20.60	23.40	24.60
MCX (Rs.)	69900	67800	72000	73400

MCX trend seen Bearish as long hold R1, While Sustain below 69900 seen towards 68000-S2.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register 1st monthly gain in last 4-months thanks to supply disturbance in Red sea due to ongoing geopolitical tension added by production cut announce by OPEC+ which fuel rally for crude oil despite weak demand expectations from China and record production at US added by rally in dollar index. Benchmark Brent crude rally by almost 5% and WTI 6% during the month Jan.

OPEC+ will decide in March whether or not to extend voluntary oil production cuts in place for the first quarter, two OPEC+ sources said after a ministerial panel meeting made no changes to the group's output policy. Last November, OPEC+ agreed to voluntary output cuts totalling about 2.2 million barrels per day (bpd) for the first quarter of this year led by Saudi Arabia rolling over a 1 million bpd voluntary reduction.

OPEC oil output in January registered the biggest monthly drop since July, a Reuters survey found, as several members implemented new voluntary production cuts agreed with the wider OPEC+ alliance and unrest curbed Libyan output. The Organization of the Petroleum Exporting Countries pumped 26.33 million barrels per day (bpd) this month, down 410,000 bpd from December, the survey found. December's total strips out Angola, which has left OPEC.

U.S. crude production in November rose 0.6% to a new monthly record of 13.31 million barrels per day, as output in Texas and New Mexico notched records as well, the Energy Information Administration said. Gross natural gas production in the U.S. Lower 48 states jumped about 1.6 billion cubic feet per day (bcfd) to a record 118.1 bcfd in November, up from 116.5 bcfd in October, according to EIA's monthly 914 production report.

Travel on U.S. roads in 2023 rose 2.1% to 3.263 trillion miles setting a new yearly record and topping pre-COVID 19 levels for the first time, the Transportation Department said. Road travel overall last year was up 67.5 billion miles and up by 2.2% in December, according to preliminary data. In 2019, U.S. motorists logged 3.261 trillion miles for the year. U.S. driving sharply declined after COVID-19 lockdowns were imposed in early 2020 as many people worked from home.

The U.S. EIA cut its forecast for domestic oil growth in 2024 by 120,000 barrels per day (bpd) to 170,000 bpd, sharply lower than last year's output increase of 1.02 million bpd.

U.S. crude oil production will rise to 13.21 million barrels per day (bpd) this year, the EIA said in its Short-Term Energy Outlook (STEO). It had previously projected that crude production would rise this year by 290,000 bpd. In December, U.S. crude oil production was estimated to have reached a record high of 13.3 million bpd. Production notched an annual record of 13.21 million bpd in 2023. Production is expected to rise by 390,000 bpd to 13.49 bpd in 2025, which would be a record high. U.S. total petroleum consumption is expected to rise by 200,000 bpd to 20.4 million bpd in 2024, and then by another 100,000 bpd to 20.5 million bpd in 2025, the EIA said. Global oil inventories are believed to have increased by 800,000 bpd on average from October 2023, the month before the Red Sea attacks began, through January 2024 and by an average of 700,000 bpd for all of 2023, the EIA said.

Top oil exporter Saudi Arabia unexpectedly kept March price of its flagship Arab Light crude to Asia unchanged at a more than two-year low, an Aramco statement showed, as the OPEC leader strives to maintain its market share. Saudi Aramco set the official selling price (OSP) for March-loading Arab Light to Asia at $1.50 a barrel over the Oman/Dubai average, same level as the previous month. The state oil giant made its biggest cut on the OSP in 13 months for February cargoes to a 27-month low amid competition from rival suppliers.

U.S. energy firms this week cut the number of oil and natural gas rigs operating for the first time in three weeks, energy services firm Baker Hughes said in its closely followed latest weekly report. The oil and gas rig count, an early indicator of future output, fell by two to 619 in the week to Feb. 2. The U.S. oil and gas rig count dropped about 20% in 2023 after rising by 33% in 2022 and 67% in 2021, due mostly to a decline in oil and gas prices, higher drilling costs and as companies focused more on paying down debt and boosting shareholder returns rather than increasing output. The U.S. oil and gas rig count dropped about 20% in 2023 after rising by 33% in 2022 and 67% in 2021, due mostly to a decline in oil and gas prices, higher drilling costs and as companies focused more on paying down debt and boosting shareholder returns rather than increasing output. Baker Hughes said U.S. oil rigs held steady at 499 this week, while gas rigs fell by two to 117.

The number of active rigs drilling for oil averaged 498 in November 2023 down from a high of 623 in December 2022, according to weekly counts published by oilfield services company Baker Hughes. U.S. energy firms this week added oil and natural gas rigs for a second week in a row for the first time since early December, energy services firm Baker Hughes said in its closely followed report on Friday. The oil and gas rig count, an early indicator of future output, rose by one to 621 in the week to Jan. 26. Despite this week's rig increase, Baker Hughes said the total count was 150, or 19%, below this time last year. Baker Hughes said oil rigs rose by two to 499 this week, while gas rigs fell by one to 119. The U.S. oil and gas rig count dropped about 20% in 2023 after rising by 33% in 2022 and 67% in 2021,

Asia and Africa have replaced Europe as the top destinations for Russian crude oil exports since Moscow was slapped with European sanctions on sales of energy products following its invasion of Ukraine in February 2022. Prior to the sanctions in mid-2022, Europe accounted for more than 60% of Russia's oil exports. The main Russian crude oil grade, Urals, has traded at a discount of more than $20 a barrel to Dated Brent crude - Europe's main cash oil benchmark - since mid-2022, versus an average discount of less than $2 a barrel in 2021, LSEG data shows. Total Russian seaborne shipments of crude oil and condensate hit new highs of 2.75 billion barrels in 2023, ship-tracking data from Kpler shows, up 4.4% from 2022, and came despite a drop of nearly 46% in shipments to Europe.

China boosted the volume of crude oil being stockpiled in December as lower prices encouraged refiners to lift imports and maintain high levels of throughput at their plants. About 1.39 million barrels per day (bpd) were added to inventories in December, up sharply from about 20,000 bpd in November and the highest flows to storage tanks since June last year. About 1.39 million barrels per day (bpd) were added to inventories in December, up sharply from about 20,000 bpd in November and the highest flows to storage tanks since June last year. China doesn't disclose the volumes of crude flowing into or out of strategic and commercial stockpiles, but an estimate can be made by deducting the amount of crude processed from the total of crude available from imports and domestic output. The total volume of crude available in December was 15.54 million bpd, consisting of imports of 11.39 million bpd and domestic production of 4.16 million bpd. Refineries processed 14.15 million bpd in December, leaving a surplus of 1.39 million bpd available for commercial or strategic storages.

China's oil refinery throughput in 2023 rose 9.3% from a year earlier to a record, reversing a rare decline in 2022, as new plants in the world's second-largest crude consumer bolstered production to meet a post-pandemic recovery in fuel demand. Refiners processed 734.8 million metric tons of crude oil last year, data from the National Bureau of Statistics (NBS) showed on Wednesday, or about 14.7 million barrels per day (bpd). That's up from 13.5 million bpd in 2022 when output slipped for the first time in two decades as Beijing's tough COVID-19 control measures took a toll on demand. Throughput in December was up

1.1% from the same month a year earlier to 60.11 million tons, the NBS data showed, or about 14.16 million bpd, easing slightly from the previous month.

U.S. crude production will hit records over the next two years but grow at a slower rate, the U.S. Energy Information Administration (EIA) said, as efficiency gains offset a decline in rig activity. The rise in U.S. output comes as the OPEC and its allies are cutting their own output in a bid to boost oil prices. U.S. crude production will rise by 290,000 barrels per day (bpd) to a record 13.21 million bpd this year, the EIA said in its Short-Term Energy Outlook (STEO). The EIA forecast OPEC+ production, excluding Angola which left the bloc in January, would fall by 620,000 barrels per day to 36.44 million barrels per day next year. That was down from a five-year average of 40.2 million bpd before the Covid-19 pandemic. While U.S production is set to climb to new records in 2024 and 2025 due to well efficiencies, the growth is set to slow from the 1 million bpd growth in 2023 due to lower drilling activity. Prices for global benchmark Brent crude is expected to average $82 per barrel in 2024 and $79 in 2025, close to the 2023 average of $82, EIA said. On the demand side, the agency expects growth in global liquid fuels consumption to be 1.4 million bpd in 2024 and 1.2 million in 2025, lower than the 1.9 million bpd growth in 2023 due to a weaker Chinese economy, increasing vehicle fleet efficiency, and an end to pandemic recovery-related growth in 2023.

OPEC in its latest monthly report, stuck to its forecast for relatively strong growth in global oil demand in 2024 and said 2025 will see a robust increase in oil use, led by China and the Middle East, in a surprise early prediction. The 2025 forecast is in line with the Organization of the Petroleum Exporting Countries' view oil use will keep rising for the next two decades. OPEC said world oil demand will rise by 1.85 million barrels per day in 2025 to 106.21 million bpd. For 2024, OPEC saw demand growth of 2.25 million bpd, unchanged from last month. OPEC's expectation of oil demand growth for 2024 is much more than the expansion of 1.1 million bpd so far forecast by the IEA. In 2025, OPEC anticipates an increase in global economic growth to 2.8% from 2.6% this year in part because of interest rate cuts.

In its monthly report, IEA said is bringing forward publication of its first 2025 oil demand forecast to April from June or July in previous years, the reason for this is that we will publish the Medium Term outlook in June so to avoid the overlap – and get a first detailed view on 2025 before looking out to 2030 - we advanced the date.

In its latest weekly inventory data from the U.S. EIA shows, U.S. crude oil stockpiles slumped while gasoline inventories jumped last week after winter weather hit crude production and imports, refining, and demand for fuel, the EIA said in latest weekly report. Crude inventories fell by 9.2 million barrels to 420.7 million barrels in the week ending Jan.

19, the EIA said, compared with analysts' expectations in a Reuters poll for a 2.1 million-barrel draw. Gasoline stocks rose by 4.9 million barrels to 253 million barrels, their highest since February 2021, the EIA said, compared with forecasts of a 2.3 million-barrel build. Gasoline product supplied, a proxy for demand, fell last week by 390,000 bpd to 7.9 million bpd, its lowest in a year. Distillate stockpiles which include diesel and heating oil, fell by 1.4 million barrels in the week to 133.3 million barrels, versus expectations for a 300,000-barrel rise, the EIA data showed.

India raised its windfall tax on petroleum crude to 3,200 rupees/ton from 1,700 rupees from Saturday while keeping the windfall tax on diesel and aviation turbine fuel at zero, the government said. On Jan. 16, the government cut windfall tax on petroleum crude from 2,300 rupees a ton.

Indian carmakers reported record sales in January as they looked to build up inventory of new and refreshed models this calendar year, wholesale data from the companies showed. Maruti Suzuki India and Hyundai's Indian unit, the country's top two carmakers, reported record sales at 199,203 units and 67,615 units, respectively. Toyota's Indian unit also posted record sales of 24,609 units, while Tata Motors reported a 12% rise in passenger vehicle sales. Mahindra and Mahindra, among India's biggest sport utility vehicle (SUV) makers, said its wholesales in the segment rose 31% to 43,068 units.

India's exports of low-sulphur diesel to Europe are poised to hit a fresh two-year low in January, after an unprecedented high last month, as Red Sea security risks drive up freight costs. Volumes have so far declined by roughly 80% month-on-month to 33,400-58,000 barrels per day (bpd), Kpler, LSEG and Vortexa shiptracking data showed. India-origin exports of aviation fuel to Europe, however, have remained steady with an open arbitrage window and stable demand. At least 88,000 bpd of jet fuel for January will likely be bound for Europe, Vortexa and Kpler shiptracking data showed.

India, the world's third-biggest oil importer and consumer, is expected to be the largest driver of global oil demand growth between 2023 and 2030, narrowly taking the lead from top importer China, the International Energy Agency (IEA) said. India is on track to post an oil demand increase of almost 1.2 million barrels per day (bpd) between 2023 and 2030, accounting for more than one-third of the projected 3.2 million bpd of global increases in the period, the IEA said in a report released at the India Energy Week in Goa. The agency forecast India's demand would reach 6.6 million bpd in 2030, up from 5.5 million bpd in 2023. Jet fuel is poised to grow 5.9% annually on average but this will be from a low base compared with other countries, it added. To meet this demand, India is expected to add 1 million bpd of new refining capacity over the seven-year period and this will increase its crude imports further to 5.8 million bpd by 2030, the IEA said. The IEA report estimated India's oil inventories were at 243 million barrels, with 26 million barrels held at strategic petroleum reserves sites while the rest are industry stocks.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

India's petroleum consumption climbed to a new record last year and the country is on course to overtake China as the primary driver of incremental oil consumption before 2030. Urbanisation, industrialisation and the growth of the middle class are driving a rapid increase in consumption of petroleum products for heating, lighting, cooking, transportation and petrochemicals. India's petroleum consumption increased to 231 million tonnes in 2023, up from 219 million tonnes in 2022, according to the Ministry of Petroleum and Natural Gas. India and China both experienced compound annual growth in consumption of around 3.5% between 2012 and 2022, compared with just 0.5% per year in the rest of the world according to statistical review of world energy 2023. India's share of global oil consumption already rose to more than 5% in 2022, up from 4% in 2021 and 3% in 2002.

India annual share of OPEC's oil in India's crude imports fell to its lowest level ever in 2023 while that of discounted Russian barrels surged to an all-time high, data obtained from trade and industry sources show. Last year for the first time India imported nearly equal quantities of oil from the OPEC members as it did from non-members, the data shows. India imported an average 4.65 million barrels per day (bpd) oil in 2023, up 2% from the previous year. OPEC's share in India's crude oil diet plunged to about 49.6% in the first nine months of this fiscal year from April compared with 64.5% a year earlier, the data show. Imports of Russian oil accounted for about 36% of India's total crude purchases in 2023 at 1.66 million bpd, the data showed. In 2022, India imported an average 651,800 bpd Russian oil, the data shows.

India's crude oil imports from its top supplier Russia fell for a second straight month in January to their lowest in a year as tighter Western sanctions hit supply of light sweet Sokol grade, preliminary ship tracking data showed. Imports from Russia declined 4.2% to 1.3 million barrels per day (bpd), according to LSEG data. Data from ship tracking agency Vortexa showed a slide of 9% to 1.2 million bpd. Last year, India emerged as a top buyer of sea-borne Russian oil sold at a discount after Western countries halted imports following Moscow's invasion of Ukraine.

Global consumption of petroleum and other liquids hit a record high last year and are forecast to increase further in both 2024 and 2025, as worldwide consumption averaged 101.1 million barrels per day (b/d) in 2023, narrowly beating the pre-pandemic record of 101.0 million b/d in 2019, according to the U.S. Energy Information Administration (EIA). Consumption is forecast to rise to an average of 102.5 million b/d in 2024 and 103.7 million b/d in 2025, the agency said, giving its first forecast for next year. But consumption has trended upwards for more than a century, establishing a new high most years, including in 29 of the 41 years between 1980 and 2021.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

Going ahead, Prices likely to be trade between weak global growth to cap demand against ongoing geopolitical tensions could provide support to prices. Other side, OPEC+, will be able to commit to the supply cuts they have pledged to prop up prices.

Technical Outlook:-

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	71.50	67.50	79.50	82.0
MCX (Rs.)	6250	5950	6550	6800

MCX trend seen Bullish as long hold S1, While Sustain Close above 6550 seen towards 6700-R2.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	150	138	162	173

MCX trend seen Bearish as long hold R1, While Sustain Close below 1500 seen towards 140-137 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex register sharp fall in Jan by almost 3% due to demand concern from top metals consumer China after list of weak economic numbers added by property crisis which hurt growth as well force equity market to multi year low while manufacturing numbers from European country also not so encourage and rally in dollar index makes base metals complex fall in last few weeks. However, Benchmark Copper register 3rd consecutive monthly gain by 0.5% while Zinc and Aluminum fall 3% each and Lead end almost flat n domestic future exchanges for Jan month.

China world's second-biggest economy, consumer prices fell at their steepest pace in more than 14 years in January while producer prices also dropped and facing deflationary risks, as CPI fell 0.8% in January from a year earlier, after a 0.3% drop in December and rose 0.3% month-on-month from a 0.1% uptick the previous month. Economists polled by Reuters had forecast a 0.5% fall year-on-year and a 0.4% gain month-on-month. The annual CPI decline in January was the biggest since September 2009, mainly led by a sharp drop in food prices. The PPI slid 2.5% from a year earlier in January after a 2.7% fall the previous month, compared with a 2.6% slide forecast in the Reuters poll.

China's manufacturing activity contracted for the fourth straight month in January, suggesting the sprawling sector and the broader economy were struggling to regain momentum at the start of 2024. The official PMI rose to 49.2 in January from 49.0 in December, driven by a rise in output but still below the 50-mark separating growth from contraction. It was in line with a median forecast of 49.2 in a Reuters poll. The official non-manufacturing PMI, which includes services and construction, rose to 50.7 from 50.4 in December, the highest since September last year, according to the NBS. The composite PMI, which includes manufacturing and services, was at a four-month high of 50.9 in January compared with 50.3 the previous month.

China's central bank announced a deep cut to bank reserves on Wednesday, in a move that will inject about $140 billion of cash into the banking system as PBOC said it was making a 50-basis points (bps) cut, the biggest in two years, in the amount of cash banks must hold as reserves, effective from Feb. 5. PBOC) said it was making a 50-basis points (bps) cut, the biggest in two years, in the amount of cash banks must hold as reserves, effective from Feb. 5. The cut in reserves follows earlier cuts of 25 bps for all banks in March and September last year. The PBOC would also cut re-lending and re-discount interest rates by 25 bps for the rural sector and small firms from Jan. 25.

China's economy grew 5.2% in 2023, slightly more than the official target, but the recovery was far shakier than many analysts and investors expected, with a deepening property crisis, mounting deflationary risks and tepid demand casting a pall over the outlook for this year. China GDP grew 5.2% in October-December from a year earlier, quickening from 4.9% in the third quarter but missing a 5.3% forecast in a Reuters poll. On a quarter-by-quarter basis, however, GDP grew 1.0%, slowing from a revised 1.5% gain in the previous quarter.

Global factories delivered a largely patchy performance at the start of 2024, surveys showed, as soft Chinese demand left Asia's economies on a shaky footing while disruption to Red Sea shipping delayed deliveries in Europe. The prolonged downturn in euro zone manufacturing activity eased for a third month but could stretch through this quarter as a majority of sub-indices in the region's PMI remained within the contraction zone. The picture was patchy for Asian economies with some bearing the brunt of soft Chinese demand better than others.

China and Indonesia are set to reduce nickel output by at least 100,000 metric tons this year as producers seek to limit losses following a slump in the price of the metal used in stainless steel manufacture and for EVs. Production rose in Indonesia, which last year accounted for more than half of global mined supplies, estimated at around 3.4 million metric tons. Indonesian supplies were 30% of the total in 2020. Cuts so far have removed more than 230,000 tons or around 6% of potential supply for this year, but not enough to boost prices.

China returned to being a major net importer of refined zinc last year after a brief inversion of historical trade flows in 2022. China's lead trade also inverted in 2022 for very similar reasons, but there has been no return to past trading patterns. Exports rose further in 2023 and there is no sign that they are going to stop any time soon. China's exports of refined zinc surged from 5,000 metric tons in 2021 to 81,000 in 2022 as metal gravitated to the West on a combination of higher physical premiums and persistent tightness on the London Metal Exchange (LME). China's zinc imports began accelerating around the middle of last year, and the full-year tally of 380,000 tons was almost five times higher than the previous year's count.

China was a consistent net importer of refined lead over the 2017-2020 period, but shifted to being a net exporter in 2021. Since then outbound flows have steadily increased from 95,000 tons in 2021 to 116,000 in 2022 and to 188,000 in 2023. Last year's tally was the highest annual total since 2007.

China, world's biggest aluminium producer, its primary aluminium output climbed to a record in 2023 but the growth rate slowed, amid weather-related production curbs at smelters in the country's southwest. It churned out 41.59 million metric tons of primary aluminium last year, according to data from the National Bureau of Statistics (NBS).

However, the annual growth rate of 3.7% marked the third consecutive year of slowing, the data showed. For December, China produced 3.59 million tons of aluminium, up 4.9% from a year earlier, the data showed. Output of the metal in 2024 is forecast to rise about 1 million tons, or 2.4%, to 42.7 million tons, with new projects expected to start up in the third quarter, according to Beijing-based aluminium consultancy Aladdiny. Production of 10 nonferrous metals, including copper, aluminium, lead, zinc and nickel, rose 7.1% to 74.7 million tons in 2023, a record high, the NBS data showed.

China's imports of unwrought aluminium more than doubled year-on-year in 2023 and were the second highest annual total since the start of the century. Primary metal imports surged to 1.54 million metric tons from 668,000 tons in 2022, but fell just short of the record 1.58 tally accumulated over 2021. Russian metal accounted for just 18% of 2021 volumes, a ratio that jumped to 76% last year as penal import duties in the U.S. and self-sanctioning in parts of A Hong Kong court ordered the liquidation of property giant China Evergrande Group, dealing a fresh blow to confidence in the country's fragile property market as policymakers step up efforts to contain a deepening crisis. Court order the world's most indebted developer, with more than $300 billion of total liabilities, after noting Evergrande had been unable to offer a concrete restructuring plan more than two years after defaulting on its offshore debt and following several court hearings. Evergrande, which has $240 billion of assets, sent a struggling property sector into a tailspin and dealt a blow to the economy when it defaulted on its debt in 2021. The liquidation ruling creates further uncertainty for China's already fragile capital and property markets. Europe disrupted previous Russian trade patterns.

The share of available aluminium stocks of Russian origin in London Metal Exchange-approved (LME) warehouses rose to 90.4% in December from 78.8% in November, data on the exchange's website showed. The rise follows a restriction imposed by Britain from Dec. 15 on UK entities and individuals taking physical delivery of Russian-made base metals, part of wider sanctions on Moscow for its war in Ukraine. The crackdown along with muted demand in the physical market contributed to additional deliveries to the LME-registered warehouses, dubbed as a market of last resort. On-warrant aluminium inventories - those which have not been earmarked for removal and are available to the market - in LME-registered warehouses rose by 74% since the UK sanctions were announced. Warrants are title documents conferring ownership of metal. The amount of Russian primary aluminium stocks on LME warrant rose to 338,375 metric tons in December from 154,775 in November, the data showed.

China's exports grew at a faster pace in December, while deflationary pressures persisted last month, keeping alive expectations for more policy easing measures to shore up an economy carrying significant pockets of weakness into 2024. Exports grew 2.3% from a year earlier in December, customs data showed on Friday, compared with a 0.5% increase in November and beating the 1.7% boost expected in a Reuters poll. Imports grew by

0.2% year-on-year, missing forecasts for a 0.3% increase but still reversing a 0.6% drop a month prior.

The International Copper Study Group (ICSG) said global refined copper market showed a 119,000 metric tons deficit in November, compared with a 48,000 metric tons deficit in October.

Russian metals producer Nornickel said it expected a further decline in nickel and palladium output this year, hit by adverse geopolitical risks and postponed furnace repairs, following on from a drop in production in 2023. Nornickel, the world's largest palladium producer and a major producer of refined nickel, said its nickel production fell 5% year on year to 209,000 metric tons in 2023. This year, the company expects nickel output at 184,000-194,000 tons. Palladium output dropped by 4% in 2023 to 2.692 million troy ounces, Nornickel said. This year, palladium output is seen at 2.296-2.451 million troy ounces. Platinum output rose 2% in 2023 to 664,000 ounces and is seen falling to 567,000-605,000 ounces in 2024, Nornickel said.

Codelco is the world's top copper producer, Production at mines owned by Chile's cash-strapped copper miner fell to 1.325 million metric tons in 2023, the company's chief executive told Reuters, promising a slight recovery in the coming year. Production at Codelco's mines is seen ticking up to 1.353 million tons in 2024, CEO Ruben Alvarado told Reuters during a visit to the underground Chuquicamata mine. Codelco's production has fallen to its lowest level in a quarter of a century due to operational problems and project hold-ups, but senior executives have given assurances of a coming rebound.

Commodity trader Trafigura has delivered large amounts of zinc to LME warehouses in Singapore under lucrative rent-sharing deals, sources familiar with the matter said. So-called "rent deals" are agreements under which LME warehouses share their fees or rental income with companies that deliver metal to them. Maximum rent LME warehouses can charge for zinc in Singapore is 53 U.S. cents a ton per day, which on 41,150 tons would yield around $21,800 a day in rental income . Total zinc stocks in all LME locations on Friday amounted to 238,275 tons.

Going ahead, weak economic numbers, demand concern from top consuming countries weigh on process for short term while FED rate cut expectation which might revive demand for base metals and any fall in dollar index will support base metals at every dip.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	699	687	714	727

MCX trend seen Bearish as long hold R1, While Sustain below 699 seen towards 690-687 belt.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

LEAD:

Technical Outlook:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	174.50	172	181	185

MCX trend seen Bearish as long hold R1 while Sustain Close below 174.50 seen 172-170 belt.

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

ZINC

TECHNICAL OUTLOOK:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	204.50	200	217	223

MCX trend seen Bearish as long hold R1, While Only Sustain below 204.50 seen again towards S2-198.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

BONANZA RESEARCH TEAM

Technical Research Analyst

Vibhu Ratandhara

BONANZA COMMODITY BROKERS PVT. LTD.

DATE-Feb 9th, 2024

Disclosure:

M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c)have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd operates under the regulation of SEBI Regn No. INH100001666 and research analyst engaged in preparation of report

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

Disclaimer:

M/s. Bonanza Portfolio Ltd at 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

MONTHLY BULLETIN (RESEARCH) Date 9th Jan 2024

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