MONTHLY BULLETIN (RESEARCH) Date 6th Jan 2022

GOLD

Market Outlook and Fundamental Analysis:

Gold ended year with their biggest decline since 2015 & silver since 2014, hemmed by a resurgent in dollar, as investors prepared to usher in a new year in which the money supply could be tightened even as the threat of the omicron coronavirus lingers. Gold has eased about 4% in 2021 & silver over 11% as a recovering global economy pushed more investors toward riskier assets and curbed interest for safe-haven assets such as bullion. For the year platinum down 9.4% and palladium 22.2%. However on monthly basis gold gain almost 3% and silver 2%. The dollar index is set for its largest percentage rise in 6-years, driving gold's slide by making greenback-priced bullion more expensive for overseas buyers.

This year gold traded between $1,676 and $1,959 an ounce, following its best annual performance in a decade last year, which also saw the metal touching an all-time high of about $2,072.50.

India's retail inflation may rise in the near-term but is likely to moderate, while slack in some of the key areas of growth warrant continued policy support, members of the monetary policy committee wrote in the December meeting minutes. The Dec. 6-8 MPC meeting where all rates were held steady was conducted soon after the latest Omicron variant of coronavirus started spreading across the globe and most members said they would prefer to wait and see how the situation unfolds before deciding on the future course of monetary policy.

The Fed was expected to implement three rate hikes in 2022. Although bullion is considered a hedge against the inflation that usually results from the widespread stimulus, interest rate hikes would translate into higher opportunity cost of holding gold, which bears no interest, and lift U.S. Treasuries and the dollar.

A "very tight" job market and unabated inflation might require the Federal Reserve to raise interest rates sooner than expected and begin reducing its overall asset holdings as a second brake on the economy, U.S. central bank policymakers said in their meeting last month. In a document released on Wednesday that markets took as decidedly hawkish, the minutes from the Dec. 14-15 policy meeting showed Fed officials uniformly concerned about the pace of price increases that promised to persist, alongside global supply bottlenecks "well into" 2022.

India splurged a record $55.7 billion on gold imports in 2021, buying more than double the previous year's tonnage as a price drop favoured retail buyers and pent-up demand emerged for weddings that were delayed when the pandemic first hit. The 2021 gold import bill easily doubled the $22 billion spent in 2020, and surpassed the previous high, set in 2011, of $53.9 billion, according to the official, who tracks broad import trends. In volume terms, India imported 1,050 tonnes of gold in 2021, the most in a decade, and far more than the 430 tonnes imported in 2020. In December India imported 86 tonnes of gold, slightly more than last year's 84 tonnes.

On data side, UK, world's fifth-biggest economy its GDP increased by 1.1% in the third quarter, weaker than a preliminary estimate of growth of 1.3%. U.S. consumer prices increased further in November as the cost of goods and services rose broadly amid supply constraints, leading to the largest annual gain since 1982, which could encourage the Federal Reserve to quickly wind down its bond purchases.

On domestic Data update, India Manufacturing PMI, compiled and collected by IHS Markit Dec. 6-17, fell to 55.5 in December from November's 57.6 though it stayed above the 50 mark that separates growth from contraction for a sixth month. India's annual wholesale price-based inflation, a proxy figure for producers' prices, accelerated to a record high in November, boosted by increases in manufacturing and food prices, fuelling concerns of rising inflationary pressure. Annual wholesale price-based inflation rose to 14.23% in November, it's highest since April 2005. India's retail inflation accelerated in November, led by a rise in food prices, but remained within the medium-term target of the central bank, strengthening views that the bank could keep interest rates on hold at its next meeting in February.

Going ahead, Heading into 2022, while concerns about the effect of the Omicron variant could support gold prices, higher Treasury yields might tarnish the metal's appeal. With U.S. 10-year yields set to hit 2% in 2022 along with transitory inflation, and of course higher interest rates, gold may be in for a downhill battle. In nutshell, 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 $1792

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1785	1750	1830	1880
MCX (Rs.)	47300	47000	48200	48800

RECOMMENDATION:

MCX Gold Dec: Buy ONLY above 48200 Stop Loss 48000 Targets 48800-49000.
Sell below 47300 Stop Loss 47900 Target 46700-46500.

SILVER

Technical Outlook:

On the Daily Chart:

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	21.30	21	23.50	25.50
MCX (Rs.)	60000	58000	63300	64500

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RECOMMENDATION:

MCX Silver Dec: Buy Only above 63300 Stop Loss below 62000 Targets 64500-65200
Sell below 60000 S/L above 61000 Target 58300-58000.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register strong year as it post their biggest annual gains since at least 2016, spurred by the global economic recovery from the COVID-19 pandemic slump and producer restraint, even as infections reached record highs worldwide. Brent ended the year up 50.5%, its biggest gain since 2016, while WTI posted a 55.5% gain, the strongest performance for the benchmark contract since 2009, when prices soared more than 70%. Both contracts touched their 2021 peak in October, with Brent at $86.70 a barrel, the highest since 2018, and WTI at $85.41 a barrel, the highest since 2014. However, after rising for several straight days, oil prices stalled on last trading day as COVID-19 cases soared to new pandemic highs across the globe, from Australia to the United States, stoked by the highly transmissible Omicron coronavirus variant.

In its latest weekly report, U.S. EIA data showed crude oil inventories fell by 3.6 million barrels in the week to Dec. 24, which was more than analysts polled by Reuters had expected. Gasoline and distillate inventories also fell, versus analysts' forecasts for builds, indicating demand remained strong despite record COVID-19 cases in the United States.

Oil prices have been underpinned by Ecuador, Libya and Nigeria declaring forces majeures this month on part of their oil production because of maintenance issues and oilfield shutdowns.

OPEC raised its world oil demand forecast for the first quarter of 2022 and stuck to its timeline for a return to pre-pandemic levels of oil use, saying the Omicron coronavirus variant would have a mild and brief impact. In a monthly report, OPEC said it expects world oil demand to average 99.13 million barrels per day (bpd) in the first quarter of 2022, up 1.11 million bpd from its forecast last month. World consumption is expected to surpass the 100 million bpd mark in the third quarter of 2022, in line with last month's forecast. On an annual basis according to OPEC, the world last used over 100 million bpd of oil in 2019.

Operating U.S. oil and gas rigs rose to their highest levels since April 2020 in the most recent week, according to energy services firm Baker Hughes. Overall counts are now at 586, portending a boost in output in coming months.

In Saudi Arabia, crude oil exports in October rose for a sixth straight month to their highest since April 2020

The Federal Reserve said it would end its pandemic-era bond purchases in March and begins raising interest rates as unemployment remains low and inflation has risen.

U.S. natural gas futures on last trading day closed out their biggest yearly gain in five powered mostly by strong demand for U.S. liquefied natural gas (LNG) exports helped by an initial surge in global prices. The contract climbed to its highest in more than a decade, at about $6.5 per million British thermal units (mmBtu) earlier in 2021. But the last quarter of the year was still its worst since the third quarter of 2008, with the market pressured by a subsequent retreat in European prices with forecasts projecting a milder-than-expected winter.

Going ahead, Global oil demand roared back in 2021 as the world began to recover from the coronavirus pandemic, and overall world consumption potentially could hit a new record in 2022 - despite efforts to bring down fossil fuel consumption to mitigate climate change. For 2022, crude consumption is expected to reach 99.53 million barrels per day (bpd), up from 96.2 million bpd this year, according to the International Energy Agency. That would be a hair short of 2019's daily consumption of 99.55 million barrels. It is to be forecasted that, prices could resume their upward path in 2022 unless supply increases by more than expected. Canada, Norway, Guyana and Brazil should add supply in the coming year and U.S. oil production is expected to average 11.9 million bpd for 2022, according to EIA. However, Coronavirus cases are surging due to the highly contagious Omicron variant, and further outbreaks could slow the recovery in major economies.

Technical Outlook:-

On the Daily Chart:

Expected Support and Resistance level for the month

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Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	74	66	81	85.50
MCX (Rs.)	5700	5450	6000	6250

RECOMMENDATION:

MCX Crude: Sell below 5700 Stop Loss above 5830 Target 5500-5400.
Buy above 6000 Stop Loss below 5870 Target 6250-6400

Natural Gas

Technical Outlook:

RECOMMENDATION:

MCX NG : Buy above 307 Stop Loss below 297 for Targets of 321-325.
Sell below 266 S/L above 274 Target 257-250 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

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Base metals ended 2021 posting their biggest annual price gain since 2009 driven by tight supply and increased demand from pandemic hit with most gain by Aluminum & tin. The LME Index up almost 32% in 2021 after rising 20% in 2020 and best annual performance since more than one decade. Benchmark copper gain 2% in Dec and 25% for the year after rally 26% in 2020. Best performing aluminum gain 6% in Dec with 42% rally for year 2021, its biggest gain since 2009. Zinc gain 10% in Dec with 28.5% for year 2021, its biggest jump since 2017. Nickel register consecutive 3rd monthly gain of 2.5% for Dec and 25% yearly, best since 2019. Lead down for the month dec by 2.5% but rally 15% for 2021, best since 2017. However tin outperform all industrial metals with up more than 90% in 2021, the largest annual gain in at least 2-decades.

At end of the month, Copper stocks in LME-registered warehouses

Latest numbers from top metal consumer China shows, factory activity unexpectedly accelerated in December, but only by a small margin, according to an official survey, amid disruptions from COVID-19 outbreaks and as the broader economy loses momentum in the fourth quarter.

For the first nine months of the year, the copper market was in a 161,000 tonne deficit compared with a 239,000 tonne deficit in the same period a year earlier, the International Copper Study Group said. The global nickel market saw a small surplus of 5,000 tonnes in October, data from the International Nickel Study Group (INSG) showed.

China's copper imports rose for a third straight month in November, customs data showed, hitting their highest since March as demand rose after the easing of a power crunch that had dented industrial production. Overall, Chinese imports rose 31.7% in November, beating the 19.8% rise in October and well above a forecast for a 20.6% gain.

Copper output in Chile, the world's largest producer, fell 1.6% year-on-year in November. The world's top copper producer's exports soared by more than 35% to $4.92 billion in November, the Andean country's central bank said, bolstered by strong global prices of the metal.

Chinese centrally-owned state firms must cut their energy consumption per 10,000 yuan ($1,570) of output value by 2025 to 15% below their 2020 levels, the state-asset regulator said

Going ahead, a year looks like normalization for metals with moderate increase in demand and supply concern which support prices at dip while roll back of stimulus by many central banks of globe pressure prices at higher level. Other side China had been a primary source of demand for base metals since 2003, this trend look to be change over the years to come. With the decline of investment and production as key growth drivers, this will see diminishing incremental economic growth and a reduction in materials demand as a share of output. 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	730	718	760	775

RECOMMENDATION:

COPPER MCX:- Sell below 730 Stop Loss above 743 Target 705-700 Range.
Buy above 753 Stop loss below 745 Target 770-775

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LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	184	182	189	195

RECOMMENDATION:

LEAD M MCX: - Sell below 184 Stop Loss above 187 Target 180-177.
Buy Only above 189 Stop Loss below 186 Target 194-197

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	283	271	294	300

RECOMMENDATION:

ZINC MCX :- Sell Only below 283 Stop Loss above 288 Target 275-272 Range
Buy above 294 Stop Loss below 289 Target 299-302

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NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1522	1500	1590	1630

RECOMMENDATION:

Nickel MCX :- Sell below 1522 Stop Loss above 1540 Targets 1500-1485
Buy Only above 1590 Stop Loss below 1570 Targets 1620-1630

BONANZA RESEARCH TEAM

Technical Research Analyst

Rohan Patil

BONANZA COMMODITY BROKERS PVT. LTD.

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Disclosure:

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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