MONTHLY BULLETIN (RESEARCH) Date 7th June 2022

GOLD

Market Outlook and Fundamental Analysis:

Bullion seen a second consecutive monthly decline as gold down 2.9% for the month may, its biggest decline since last September & Silver down 5.2% pressured by a stronger dollar and as rising U.S. Treasury yields dented the metal's appeal despite concerns over surging inflation. Rising interest rates also pressure Bullion from every high as gold is viewed as a hedge against inflation, rising U.S. interest rates increase the opportunity cost of holding non-yielding bullion and boost the dollar in which gold is priced. Platinum gain marginally after 3-consecutive monthly loss while palladium fall 13.6% in May, most since November last year. During the month some support seen at lower level from weak dollar index which hit 1-month low in last week of the month. A weaker dollar makes bullion less expensive for buyers holding other currencies.

US Nonfarm data which is main gauge for interest rates, showed that nonfarm payrolls increased by 390,000 jobs last month. Data for April was revised higher to show payrolls rising by 436,000 jobs instead of 428,000 as previously estimated. Economists polled by Reuters had forecast payrolls increasing by 325,000 jobs last month. Employment now is just 822,000 jobs below its pre-pandemic level. Report also showed the unemployment rate holding steady at 3.6% for a third straight month, even as more people entered the labor force. Average hourly earnings increased 0.3% last month, matching April's gain. That lowered the annual increase to a still-strong 5.2% from 5.5% in April.

US private payrolls rose far less than expected in May, that was most likely because of worker shortages. Private payrolls rose by 128,000 jobs last month after increasing 202,000 in April. Economists had forecast private payrolls increasing by 300,000 jobs. So far this year, employers have announced 100,694 job cuts, down 48% from the same period in 2021. That is the lowest recorded January-May total since Challenger began tracking monthly job cut announcements in 1993.

US weekly unemployment claims report from the Labor Department on for last week of May, the most timely data on the economy's health, also showed state jobless benefits rolls declining to their lowest level since 1969 in the second-half of May.

US Job openings, a measure of labor demand, declined by 455,000 to 11.4 million on the last day of April, the Labor Department said in its monthly Job Openings and Labor Turnover Survey, or JOLTS report. The decrease pulled job openings down from a record high of 11.855 million in March.

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Minutes of the Fed's May 3-4 meeting published on Wednesday showed officials commenting that "demand for labor continued to outstrip available supply across many parts of the economy and that their business contacts continued to report difficulties in hiring and retaining workers." Many expected the labor market to remain tight and wage pressures to stay elevated for some time. It also highlighted most participants favoring additional 50 basis point rate hikes at the June and July meetings, although it was no surprise to the market.

India's annual monsoon, which delivers about 70% of the country's rainfall, arrived on the coast of southern Kerala state on Sunday, the state-run India Meteorological Department said, two days ahead of the usual time. One of the world's biggest producers and consumers of farm goods, India relies on monsoon rains to water almost half its farmland, which lacks irrigation. In April, the department forecast average monsoon rains for this year, raising the prospects of higher farm and overall economic growth in Asia's third-biggest economy.

Separately, India, world 2nd biggest gold consumer, gold imports in May jumped 677% from a year ago to the highest level in a year as correction in prices just before a key festival and wedding season boosted retail jewellery purchases. India imported 101 tonnes of gold in May, compared to 13 tonnes a year earlier, according to source. India's economic growth slowed to the lowest in a year in the first three months of 2022, hit by weakening consumer demand amid soaring prices. GDP grew 4.1% year-on-year in January-March, in line with a 4% forecast by economists in a Reuters poll, and below 5.4% growth in Oct-December and growth of 8.4% in July-Sept.

On data side, U.S. manufacturing activity picked up in May as demand for goods remains strong, which could further allay fears of an imminent recession, but a measure of factory employment contracted for the first time in nearly a year. British manufacturing activity expanded in May at the weakest rate since January 2021, as producers of consumer goods struggled against a worsening cost-of-living crunch, a latest survey showed. US GDP decreased at a 1.5 annualized rate last quarter, the government said in its second GDP estimate, revised down from the 1.4% pace of decline reported in April. The economy grew at a robust 6.9% pace in the fourth quarter. U.S. existing home sales dropped to the lowest level in nearly two years in April as house prices jumped to a record high amid a persistent lack of inventory. British inflation surged last month to its highest annual rate since 1982, pressuring the Bank of England to keep raising interest rates despite a risk of recession. Consumer price inflation hit 9% in April, surpassing the peaks of the early 1990s recession that many Britons remember for sky-high interest rates and widespread mortgage defaults.

Britain's jobless rate hit a 48-year low in the first three months of 2022 and employers paid bigger bonuses to keep or attract staff, according to data that added to bets by investors on further Bank of England interest rate hikes.

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On domestic Data update, India's dominant services sector expanded at the fastest pace in 11 years in May on strong demand, although inflationary pressures touched new highs, restricting optimism and weighing on consumers' pocketbooks, a private survey showed. India's factory activity expanded at a better-than-expected pace last month as overall demand remained resilient despite persistently high inflation, encouraging firms to hire at the fastest rate since January 2020, according to a private survey.

Going ahead, there is lots of uncertainty in global market start from geopolitical tension between western countries & Russia, US FED tapering and interest rates seen increasing, higher inflation worldwide and currency movement. All this resulted in volatile bullion prices and unless there is clarity on above major issue, bullion likely to get support at every dip. In nutshell, Gold, however, is being supported by the Ukraine uncertainty, rapid inflation, and the still persistent COVID-19 pandemic but the Fed's aggressive stance to combat inflation, recovering bond yields, stronger dollar and easing of pandemic restrictions on higher vaccination rates will put a lid on gold prices.

Technical Outlook:

On the Daily Chart MCX:

In COMEX GOLD is trading at $1855

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Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1825	1785	1875	1920
MCX (Rs.)	50400	49700	51500	52200

Mcx Trend seen Range bound as price trades between 51500-50400 since last 3-weeks, break of the range either side will resulted in sharp Rally. Overall trend seen bearish as long 51400 -51500 hold Resistance, While Sustain Close below 50400 seen Sharp down rally.

SILVER

Technical Outlook:

On the Daily Chart MCX:

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	21.40	20.40	22.60	24.10
MCX (Rs.)	60500	58000	63100	64200

MCX trend seen Range bound as price trades between 63000-60200 since last 1-month and either side break of range will resulted in sharp rally. However, overall trend seen bearish as long hold R1, While Sustain fall below 60500 seen Sharp down Rally.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex continue its northward journey registered 6th consecutive monthly gain, almost 70% rally in last 6-months with benchmark Brent rally almost 15% & WTI almost 10% in May, boosted mainly of geopolitical tension, after Russia's Feb. 24 invasion of Ukraine which Moscow calls a "special operation" added by strong revival in demand after 2-years of pandemic, reopening in China from latest lockdown, and after OPEN stick to its old agreement of gradual increase in production.

In its latest meet on 2nd June, Saudi Arabia and other OPEC+ states agreed to bring forward oil production rises to offset Russian output losses to ease surging oil prices and inflation. OPEC+ said it had agreed to boost output by 648,000 barrels per day (bpd) in July - or 0.7% of global demand - and a similar amount in August versus the initial plan to add 432,000 bpd a month over three months until September. OPEC+ agreed to cut output by a record amount in 2020 when the pandemic hammered demand. By September, when the deal expires, the group will have limited spare capacity to lift output further.

OPEC and allies led by Russia, collectively known as OPEC+, have been unwinding record output cuts in place since the COVID-19 pandemic took hold in 2020. Under a deal reached in July last year, the group was set to increase output targets by 432,000 barrels per day every month until the end of September. However, Russian crude output in April fell by nearly 9% from the previous month, an internal OPEC+ report showed this month.

In its latest move on sanction, EU leaders agreed in principle to cut 90% of oil imports from Russia, the bloc's toughest sanction yet on Moscow since the invasion of Ukraine three months ago. Once fully adopted, sanctions on crude will be phased in over six months and on refined products over eight months. The embargo exempts pipeline oil from Russia as a concession to Hungary.

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U.S. crude oil production rose in March by more than 3% to 11.7 million bpd, it's the highest since November, according to the government. However, output has been slow to recover from the impact of the coronavirus pandemic and is still far below its record high of 12.3 million bpd in 2019.

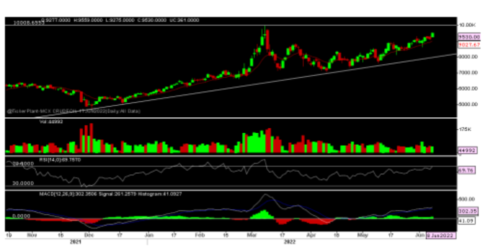
India. world's third biggest oil importer and consumer, daily gasoil sales of Indian state refiners declined in May from April as lower consumer spending curtailed truck movement in the country, preliminary fuel sales data showed.

In a monthly report, OPEC cut its forecast for growth in world oil demand in 2022 for a second straight month, citing the impact of Russia's invasion of Ukraine, rising inflation and the resurgence of the Omicron coronavirus variant in China. Nonetheless, OPEC still expects world consumption to surpass the 100 million bpd mark in the third quarter, and for the 2022 annual average to just exceed the pre-pandemic 2019 rate. The Ukraine war sent oil prices briefly above $139 a barrel in March, the highest since 2008.

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

Technical Outlook:-

On the Daily Chart MCX:



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Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	111	105	123	131
MCX (Rs.)	9100	8600	9600	10000

MCX trend seen Bullish as long hold S1, While Sustain Close above 9600 seen towards 10000 marks.

Natural Gas

Technical Outlook:

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	680	635	750	790

MCX trend seen Bullish as long hold S1, While Sustain Close above R1 seen towards 790-800 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen mix of trend with prices fall in 1st half while recover all losses and close month at exact previous month closing as prices fall initially in expectations that global growth & demand likely to remain slow after lockdown in top metal consumer China added by strong dollar index. While in later part of the month May, price recover after news of gradual opening up in China from lockdown and supply disturbance makes prices attractive at lower level. On a monthly basis, Copper ended with less than 1% fall while Zinc & Aluminum down almost 2%, Nickel down 7% in May month.

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

The world refined copper market showed a 25,000 tonne deficit in March, compared with a 95,000 tonnes surplus in February, the International Copper Study Group (ICSG) said in its latest monthly bulletin. In 2021 the market was in a deficit of 439,000 tonnes, against a 415,000 tonne shortfall a year earlier, the ICSG said.

The global refined zinc market is expected to register a supply shortfall of 292,000 tonnes this year, according to the International Lead and Zinc Study Group (ILZSG). It will be the second consecutive year of deficit after global production fell short of demand to the tune of 193,000 tonnes in 2021. The Group's latest twice-yearly analysis of the statistical landscape marks a major reassessment of zinc market dynamics. In October last year it forecast a cumulative surplus of 261,000 tonnes over 2021 and 2022.

Latest numbers from top metal consumer China shows, services activity in May contracted for a third straight month, pointing to a slow recovery ahead despite the easing of some lockdowns in Shanghai and neighboring cities. China's factory activity fell at a slower pace in May as COVID-19 curbs in major manufacturing hubs eased, but movement controls continued to weigh on demand and production, raising concerns about economic growth in the second quarter. May's contraction was the second-sharpest slump since February 2020, suggesting the recovery remains fragile.

New car registrations in Britain tumbled nearly 21% last month, the second weakest May in three decades after lockdown-hit 2020, as persisting supply challenges hampered sales and deliveries despite robust demand, industry data showed

Russia's central bank slashed its key interest rate to 11% on Thursday and said it saw room for more cuts this year, as inflation slows from more than 20-year highs and the economy heads towards a contraction. The bank has been gradually reversing an emergency rate hike to 20% in late February that was triggered by Russia's Feb. 24 move to send tens of thousands of troops into Ukraine and the imposition of Western sanctions in response.

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

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Base Metals

TECHNICAL OUTLOOK:

COPPER:

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	770	755	815	830

MCX trend seen Bullish as long hold S1, While Sustain above R1 seen sharp Upmove.

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	180	177	186	190

MCX trend seen Bullish as long hold S1

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	323	317	340	350

MCX trend seen Bullish as long hold S1, While Sharp Uprally expected only Sustain above 340

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NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX				

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