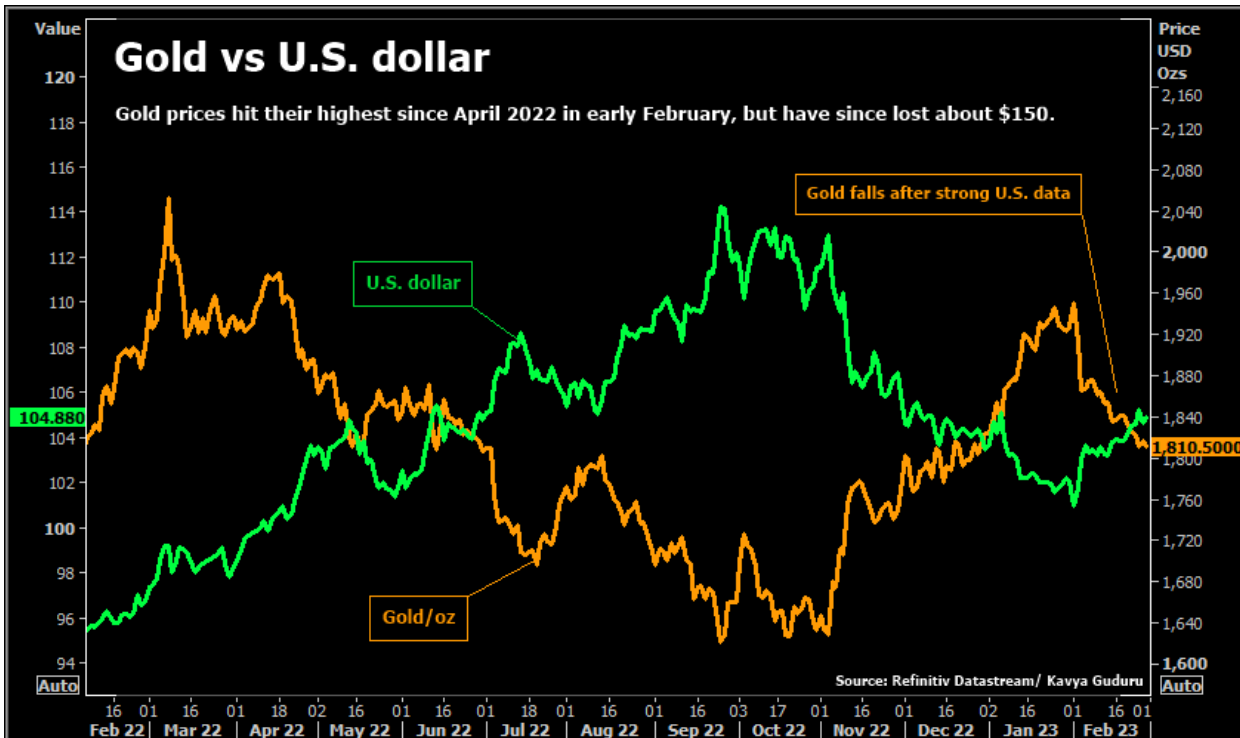


**GOLD**

**Market Outlook and Fundamental Analysis:**

Bullion register monthly fall after 3-consecutive months of gain as prices seen pressure from higher US interest rates expectations & recovery in dollar index added by increasing treasury yield and break of technical support makes sharp selloff in bullion during last month. Spot Gold down by almost \$ 100 OR 5%, its worst month since June 21 and spot silver fall more than 12% due to its industrial nature where demand seen slowing on recession fear and demand not seen as expected from China which indicates recovery in global growth far away than predicted. Gold prices touched their highest since April 2022 in early February, but soon reversed course. The dollar, in which gold is priced, is on track for its first monthly gain in five, making gold more expensive for overseas buyers. Strength in the greenback has helped put bullion prices on track for their first monthly decline in four. 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.



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 economy added jobs at a solid clip in February, as Nonfarm payrolls increased by 311,000 jobs last month against economists polled by Reuters had forecast job growth of 205,000 and data for January was revised lower to show 504,000 jobs added instead of the previously reported 517,000. They say the economy needs to create 100,000 jobs per month to keep up with growth in the working-age population. Average hourly earnings rose 0.2% last month after gaining 0.3% in January. That raised the year-on-year increase in wages to 4.6% from 4.4% in January. The unemployment rate rose to 3.6% in February from 3.4% in January, which was the lowest since May 1969.

U.S. private payrolls increased more than expected in February, pointing to continued labor market strength. As Private employment increased by 242,000 jobs last month against expected to increase 200,000 and data for January was revised higher to show 119,000 jobs added instead of 106,000 as previously reported.

The Federal Reserve will likely need to raise interest rates more than expected in response to recent strong data and is prepared to move in larger steps if the "totality" of incoming information suggests tougher measures are needed to control inflation, Fed Chair Jerome Powell told U.S. lawmakers. "The latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated," the U.S. central bank chief said in opening remarks at a hearing before the Senate Banking Committee.

US February FED meeting minutes showed that policymakers continued to anticipate further increases in borrowing costs and "almost all" officials agreed for 25 bps, while "a few" favored a bigger 50 bps hike. Participants generally noted that upside risks to the inflation outlook remained a key factor shaping the policy outlook. A number of officials said that an "insufficiently restrictive" policy stance could stall recent progress on moderating inflation pressures.

US GDP increased at a revised 2.7% annualized rate last quarter, the government said in its second estimate of fourth-quarter GDP. That was revised down from the 2.9% pace reported last month. Economists had expected GDP growth to be unrevised. The robust second-half growth erased the 1.1% contraction in the first six months of the year.

On data side, The U.S. trade deficit in goods increased moderately in January, with both imports and exports rising solidly, as it widened 2.0% to \$91.5 billion which left the goods trade deficit slightly above the fourth-quarter average. U.S. consumer spending rebounded sharply in January amid strong income growth and the personal consumption expenditures

(PCE) price index shot up 0.6% last month after gaining 0.2% in December. In the 12 months through January, the PCE price index accelerated 5.4% after rising 5.3% in December. U.S. retail sales rebounded sharply in January after two straight monthly declines, as retail sales surged 3.0% last month against 1.8% expected. Data for December was unrevised to show sales dropping 1.1% as previously reported. These so-called core retail sales fell by an unrevised 0.7% in December.

US monthly producer prices accelerating in January as PPI for final demand rebounded 0.7% last month after decreasing 0.2% in December. In the 12 months through January, the PPI increased 6.0% after advancing 6.5% in December. Economists had forecast the PPI climbing 0.4% and rising 5.4% year-on-year.

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.

India the world's second-biggest gold buyer, January gold imports plunged 76% from a year earlier to a 32-month low on subdued demand after domestic prices rallied to record highs and as jewellers postponed purchases, hoping for a reduction in import duty, a government source said. The country imported 11 tonnes of gold in January.

India, Asia's third largest economy and one of the largest importer, its economic growth slowed further in the December quarter as pent up demand eased and weakness in the manufacturing sector continued. Data shows Q4-2022 GDP yoy basis at 4.4% against Reuters expectations of 4.6% and down from 6.3% in July-September. The government, however, retained its growth forecast of 7% for 2022/23 while revising higher growth for the previous year to 9.1% from the earlier 8.7%.

On domestic Data update, Activity in India's dominant services sector expanded at the fastest pace in 12 years in February on strong demand as price pressures eased further. The S&P Global India Services PMI rose from 57.2 in January to 59.4 in February, it's highest since February 2011. India's manufacturing sector expanded at the slowest pace in four months in February but remained relatively strong amid buoyant domestic demand, despite higher inflationary pressures. It expanded 4.4% last quarter yoy from 6.3% in the previous quarter, slower than the 4.6% predicted in a Reuters poll. India's manufacturing sector shrank by 1.1% year-on-year in the third quarter, a second straight contraction reflecting lower profit margins and weaker exports. India's merchandise trade deficit in January hit its lowest in a year at \$17.75 billion, according to a Reuters calculation based on export and import data released by the government. However, the trade deficit for April-January widened to \$232.95 billion from \$153.78 billion a year ago.

Separately, Layoffs by U.S. companies over January and February touched the highest since 2009, with the tech sector accounting for more than a third of the over 180,000 job

cuts announced, according to the report from employment firm Challenger, Gray & Christmas Inc. In February alone, layoffs in the United States stood at 77,770, more than five times higher than the 15,245 job cuts announced a year earlier.

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:



Sources – Ticker Plant and Bonanza Research

In COMEX GOLD is trading at \$1905

## Expected support and Resistance level for the month

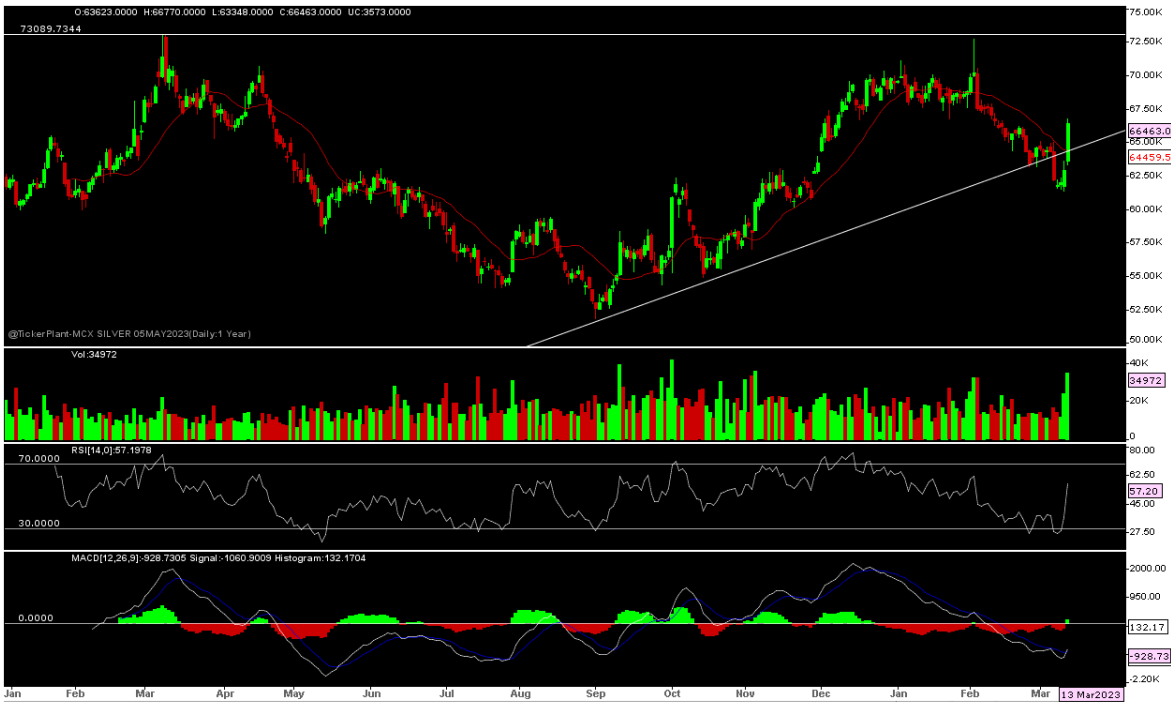
Gold	S1	S2	R1	R2
COMEX/DG CX (\$)	1870	1800	1920	1960
MCX (Rs.)	56200	55200	57900	58900

Mcx Trend seen Bullish as long S1 hold, while Sustain close above 57900 seen prices towards R2.

## SILVER

### Technical Outlook:

### On the Daily Chart MCX:



Sources – Ticker Plant and Bonanza Research

Created with

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

Silver	S1	S2	R1	R2
COMEX/DG CX (\$)	20.60	19.90	22.70	24.70
MCX (Rs.)	63300	61200	67500	69500

MCX trend seen Bullish as long hold S1, While Sustain above 67500 seen Sharp Rally towards R2.

**CRUDE OIL**

**Market Outlook and Fundamental Analysis**

Energy complex register a 4<sup>th</sup> consecutive monthly fall in Feb as both benchmark Brent and WTI fall after a demand concern amid recession fear, lower demand expectation from China and remain in strict range of last few months. Also, recovery in dollar index and hawkish FED on interest rates makes pressure in energy complex last month.

OPEC oil output rose in February led by a further recovery in Nigerian supply, a Reuters survey found, despite strong adherence by top producers to an agreement by the wider OPEC+ alliance to cut production to support the market. The Organization of the Petroleum Exporting Countries (OPEC) has pumped 28.97 million barrels per day (bpd) this month, the survey found, up 150,000 bpd from January. Output is still down more than 700,000 bpd from September. OPEC and its allies, known as OPEC+, had been boosting output for most of 2022 as demand recovered from the pandemic. But for November, with oil prices weakening, the group made its largest cut since the early days of COVID-19 in 2020. They decided to cut the OPEC+ output target by 2 million bpd, of which about 1.27 million bpd was to come from the 10 participating OPEC countries. The target remained in place for February.

OPEC in its Feb monthly report, has raised its 2023 global oil demand growth forecast in its first upward revision for months, due to China's relaxation of COVID-19 restrictions, and trimmed supply forecasts for Russia and other non-OPEC producers, pointing to a tighter market. Global oil demand will rise this year by 2.32 million barrels per day (bpd), or 2.3%

which is 100,000 bpd higher than last month's forecast. "Downside risks are apparent and may include further geopolitical tensions in eastern Europe, China's ongoing domestic challenges amid the pandemic, and potential spillovers from China's still fragile real estate sector. In the report, OPEC said its crude oil output in January fell by 49,000 bpd to 28.88 million bpd as declines in Saudi Arabia, Iraq and Iran offset increases elsewhere. OPEC also lowered its forecast of 2023 growth in supply from producers outside the group to 1.4 million bpd, from 1.5 million bpd last month, citing lower expectations from Russia and the United States.

the Paris-based agency IEA said in its monthly oil report, China will make up nearly half of this year's oil demand growth after it relaxed its COVID-19 curbs, but restrained OPEC+ production could mean a supply deficit in the second half. Supply from OPEC+ is projected to contract with Russia pressured by sanctions. The IEA sees oil demand rising by 2 million barrels per day (bpd) in 2023, with China making up 900,000 bpd. That is up 100,000 bpd from last month's forecast to a record 101.9 million bpd. It is to be noted that, the agency originally foresaw 3 million bpd of Russian oil being shut in after Moscow's invasion of Ukraine.

India, the world's third-biggest oil consumer and importer, fuel demand hit its highest level in at least 24 years in February, with industrial activity in Asia's third biggest economy boosted by cheap Russian oil. Consumption of fuel, a proxy for oil demand, rose by more than 5% to 4.82 million barrels per day (18.5 million tonnes) in February, its 15th consecutive year-on-year rise, data showed. Demand was the highest recorded in data compiled by the Indian Oil Ministry's Petroleum Planning and Analysis Cell (PPAC) going back to 1998.

India's Russian oil imports climbed to a record 1.4 million barrels per day (bpd) in January, up 9.2% from December, with Moscow still the top monthly oil seller to New Delhi, followed by Iraq and Saudi Arabia, data from trade sources showed. Last month Russian oil accounted for about 27% of the 5 million bpd of crude imported by India, the world's third-biggest oil importer and consumer, the data showed.

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:**



Sources – Ticker Plant and Bonanza Research

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

Crude	S1	S2	R1	R2
<b>NYMEX/DG CX (\$)</b>	70	65.50	81	83.50
<b>MCX (Rs.)</b>	5950	5750	6350	6600

MCX trend seen Bearish as long hold R1, While Sustain Close below 5950 seen towards 5750-5700.



**Natural Gas**

**Technical Outlook:**

**On the Daily Chart MCX:**



Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	197	178	223	247

MCX trend seen Bullish as long hold S1, While Sustain Close below 197 seen towards 180-178 belt.

## Base Metals

### Market Outlook and Fundamental Analysis

#### COPPER:

Base metal complex seen a southward journey throughout the month Feb as metal index in domestic market fall towards fresh 2.5 month low due to demand concern despite China reopen added by higher interest rates expectations from US FED and recovery in dollar index makes sell off in base metals complex. Benchmark Copper in domestic Future market register 1<sup>st</sup> monthly fall of 2.5% after 4-months of gains followed by Zinc down almost 10% and Aluminum fall by 8% against minor fall of 2% seen in Lead and resulted metal index fall almost 7% during the month of Feb.

China set a modest target for economic growth this year of around 5% against GDP grew by just 3% last year and below last year target of 5.5%, one of its worst showings in decades, squeezed by three years of COVID-19 restrictions, crisis in its vast property sector, a crackdown on private enterprise and weakening demand for Chinese exports. China set a budget deficit target at 3.0% of GDP, widening from a goal of around 2.8% last year.

Latest number from top metal consumer China shows, annual consumer inflation slowed to the lowest rate in a year in February, as CPI in February was 1.0% higher than a year earlier, rising at the slowest pace since February 2022. The government is targeting an average level of consumer prices this year about 3% higher than in 2022. The PPI in February was down 1.4% on a year earlier, compared with an annual contraction of 0.8% seen in January. manufacturing activity expanded at the fastest pace in more than a decade in February, as the manufacturing PMI shot up to 52.6 from 50.1 in January. The PMI far exceeded an analyst forecast of 50.5 and was the highest reading since April 2012. The official non-manufacturing purchasing managers' index (PMI) rose to 56.3 from 54.4 in January, indicating the fastest pace of expansion since March 2021.

Retail sales of vehicles in India jumped 16% to around 1.8 million units in February, an industry body of automobile dealers said, adding that festivals could push the sales higher in March. However, rising interest rates amid elevated inflation are seen as a sentiment dampener, with overall sales in February still below pre-Covid levels. Sales of two-wheelers advanced 15%, while those of three-wheelers jumped 81%, passenger vehicles 11%, tractors 14%, and commercial vehicles 17%.

India's passenger vehicle sales are expected grow about 9%-10% in fiscal year 2024, roughly 20% above pre-pandemic peak levels, as strong demand and easing chip shortages prop-up the world's fourth-largest car market, ratings agency Crisil said.

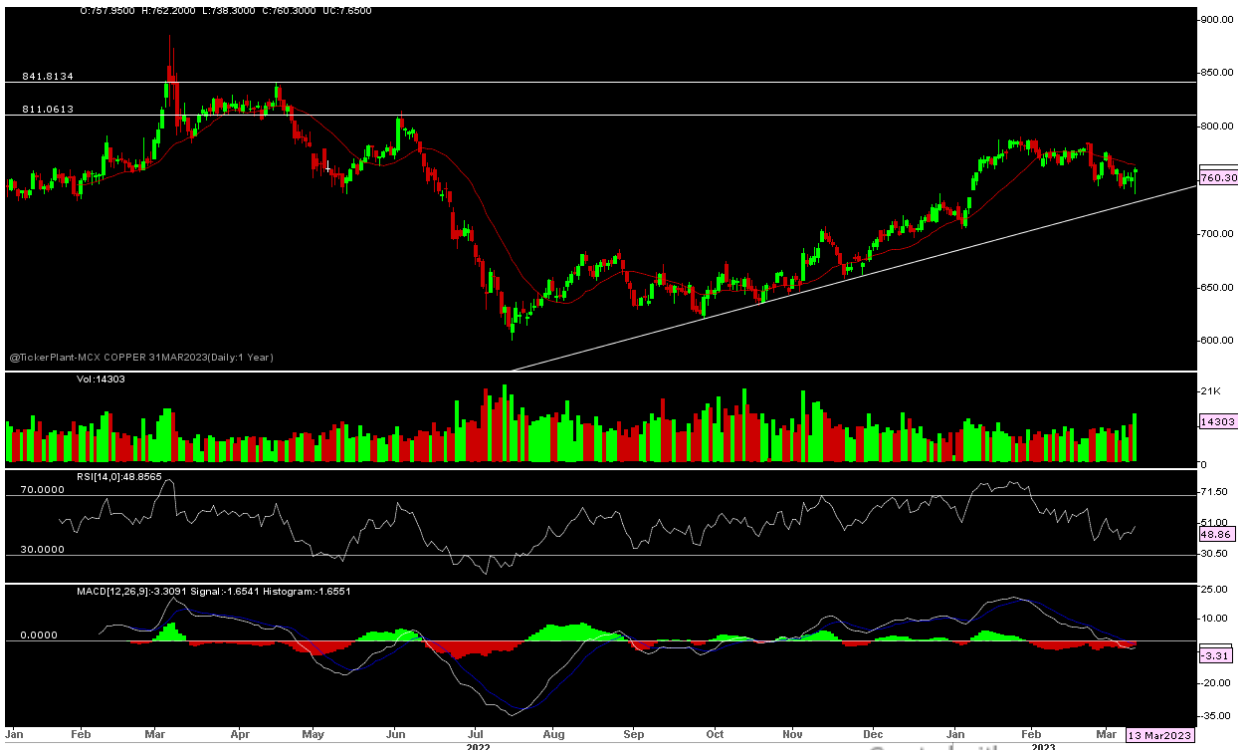
The United States will impose a 200% tariff on aluminum and derivatives produced in Russia from March 10, the White House said on Friday, effectively a ban as it announced sanctions on the anniversary of Russia's invasion of Ukraine. The United States will also apply a 200% tariff on aluminum imports of primary aluminum produced in Russia from April 10.

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:**



Sources – Ticker Plant and Bonanza Research

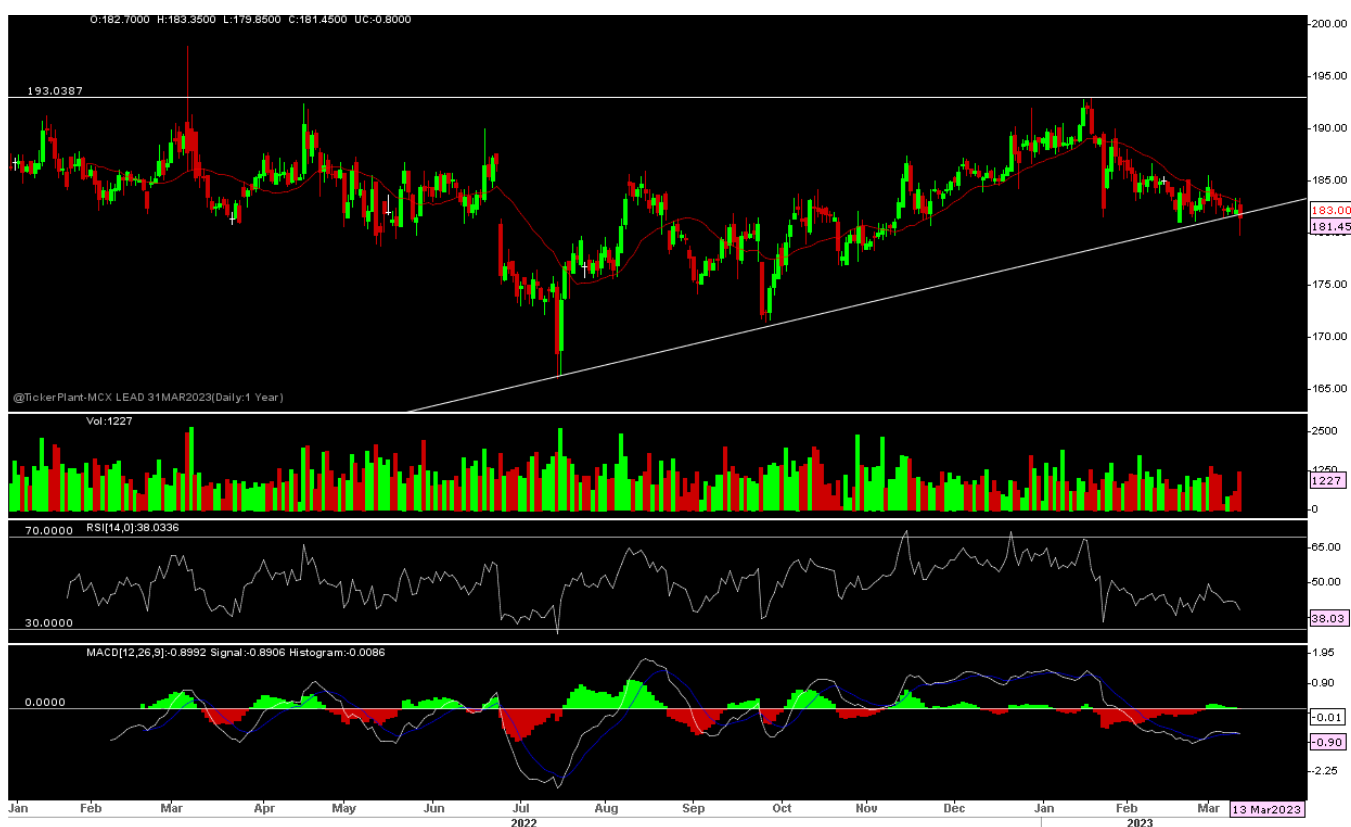
Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	738	725	763	777

MCX trend seen Bullish as long hold S1, While Sustain below 738 seen Down rally towards 720-715 belt.

## LEAD:

### Technical Outlook:



Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	179.50	175	185.50	190

MCX trend seen Bearish as long hold R1 while Sustain Close above 185.50 seen 190-193 belt.

**ZINC**

**TECHNICAL OUTLOOK:**



Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	257	250	269	278

MCX trend seen Bullish as long hold S1, While Only Sustain fall below 257 seen towards 251-250 belt.

**NICKEL**

**TECHNICAL OUTLOOK:**

No View due to Low Volumes

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX				

**BONANZA RESEARCH TEAM**

**Technical Research Analyst**

**Mahesh Prakot**

**BONANZA COMMODITY BROKERS PVT. LTD.**

**DATE-March 10<sup>th</sup>, 2023**

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