MONTHLY BULLETIN (RESEARCH) Date 9th May 2022

GOLD

Market Outlook and Fundamental Analysis:

Bullion seen a sharp correction after a historic run up in last two months as gold post a decline of 1.4% in April, its first monthly drop since January and Silver down almost 8%, mainly because of strong dollar which makes its best monthly performance since 2015 and selling at higher level in expectations FED will increase interest rates with higher number sooner than expected. Dollar index touch its 20-year high in last week of the month April, making gold less expensive for those holding other currency. Gold is considered a hedge against soaring inflation and uncertainties, but rising interest rates dampen its appeal by increasing the opportunity cost of holding the non-interest bearing asset. Palladium prices fell nearly 13% on last week of April as China's COVID-led lockdowns soured the demand outlook for the autocatalyst. Palladium, used in vehicle exhausts to curb emissions, has retreated nearly 40% since hitting an all-time high in early March on concerns the war in Ukraine could cut supply from key producer Russia.

US Nonfarm data which is main gauge for interest rates, rose by 428,000 jobs last month, increased more than expected in April amid strong hiring in manufacturing as well as the leisure and hospitality industry, underscoring the economy's strong fundamentals despite a drop in output in the first quarter. Data for March was revised slightly lower to show 428,000 jobs added instead of 431,000 as previously reported.

In its latest meet, The Federal Reserve raised its benchmark overnight interest rate by half a percentage point to a range of 0.75-1.0%, the biggest jump in 22 years, and the U.S. central bank's chief made an appeal to Americans struggling with high inflation to be patient while officials take the hard measures to bring it under control. Chair Jay Powell said further 50-basis-point hikes were on the table.

U.S. worker productivity fell at its steepest pace since 1947 in the first quarter as nonfarm productivity, which measures hourly output per worker, plunged at a 7.5% annualized rate last quarter. While growth in unit labor costs accelerated, indicating that rising wage pressures will continue contributing to keeping inflation elevated for a while.

The Bank of England sent a stark warning that Britain risks a double-whammy of a recession and inflation above 10% as it raised interest rates 5th may to their highest since 2009, hiking by a quarter-point to 1%. The BoE's move represented its fourth consecutive rate hike since December, the fastest pace in 25 years. They also trimmed bets on the central bank hiking rates aggressively this year. Short-dated British government bond yields slid sharply. The BoE kept its forecast for economic growth this year at 3.75%, but slashed its forecast for 2023 to show a contraction of 0.25% from a previous estimate of 1.25% growth. It cut its growth projection for 2024 to 0.25% from a previous 1.0%.

In a surprise move the Reserve Bank of India raised the repo rate - the rate at which it lends to banks - by 40 basis points to 4.40%, in its first change in the rate in two years and its first rate hike in nearly four years. The central bank also raised banks' cash reserve ratio (CRR), or proportion of deposits that banks need to set aside with the RBI as cash, by 50 basis points to 4.50% effective from May 21.

The U.S. economy unexpectedly contracted in the first quarter amid resurgence in COVID-19 cases and drop in pandemic relief money from the government, but the decline in output is misleading as domestic demand remained strong. GDP fell at a 1.4% annualized rate last quarter, the government said in its advance GDP estimate. The economy grew at a robust 6.9% pace in the fourth quarter. Economists polled by Reuters had forecast the economy growing at a 1.1% rate.

The IMF slashed its forecast for global economic growth by nearly a full percentage point, citing Russia's war in Ukraine, and warning that inflation was now a "clear and present danger" for many countries. Further sanctions on Russian energy and a widening of the war, a sharper-than-forecast deceleration in China and a renewed flare-up of the pandemic could further slow growth and boost inflation, while rising prices could trigger social unrest. It now projects global growth of 3.6% in 2022 and 2023, a drop of 0.8 and 0.2 percentage point from its January forecast.

Separately, India, world 2nd biggest gold consumer, gold demand is likely to remain soft in Q2-22 after falling 18% in the Q1-22 to 135.5 tones as retail purchases during a key festival early next month could be below normal because of volatile prices, the World Gold Council (WGC) said. The WGC was earlier estimated India's gold consumption in 2022 will likely be 800-850 tonnes, but softness in demand in the first quarter prompted it to lower the estimate to 800 tonnes.

On data side, British consumer price inflation hit a 30-year high of 7% in March, more than triple the BoE's 2% target, and the central bank revised up its forecasts for price growth to show it peaking above 10% in the last three months of this year. The U.S. trade deficit surged to a record high in March, confirming that trade weighed on the economy in the first quarter and could remain a drag for a while as businesses replenish inventories with imported goods. U.S. consumer spending increased more than expected in March amid strong demand for services, while monthly inflation surged by the most since 2005.

India is likely to receive normal monsoon rains this year, raising prospects of higher farm and general growth in Asia's third-biggest economy. The rains, are expected to be 99% of the long-term average this year, the IMD said in a statement. The monsoon is crucial for the $2.7-trillion economy, as it brings nearly 75% of the rain needed by farms, besides replenishing reservoirs and aquifers. Nearly half of India's farmland gets no irrigation and is dependent on the annual rains from June to September. Farming accounts for nearly 15% of the economy but sustains more than half of a population of 1.3 billion.

On domestic Data update, The S&P Global India Services Purchasing Managers' Index rose to 57.9 in April from 53.6 in March, its highest since November and surpassing the 54.0 estimate in a Reuters poll. India's infrastructure output expanded 4.3% year on year in March.

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:

MONTHLY BULLETIN (RESEARCH) Date 9th May 2022

In COMEX GOLD is trading at $1865

Expected support and Resistance level for the month

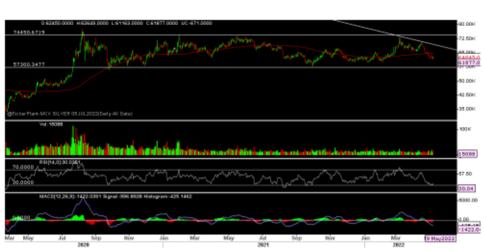
Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1850	1815	1920	2000
MCX (Rs.)	50500	50000	51900	52700

Mcx Trend seen bearish as long 51600 -51900 hold Resistance, While Sustain Close below 50500 seen Sharp down rally.

SILVER

Technical Outlook:

On the Daily Chart MCX:



MONTHLY BULLETIN (RESEARCH) Date 9th May 2022

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	21.40	20	23.30	24.25
MCX (Rs.)	60000	58100	64200	65500

MCX trend seen Bearish as long hold R1, While Sustain fall below 60000 seen Sharp down Rally.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register 5th consecutive monthly gain with benchmark Brent rally almost 4% & WTI rally 4.5% in april, 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 and after OPEN stick to its old agreement of gradual increase in production. However, some correction seen from higher level after strong dollar & in fears of lower demand in China as Shanghai is set to expand a COVID-19 lockdown.

In its latest meet OPEC, Ignoring calls from Western nations for accelerating output hikes, the OPEC agreed to raise its June production target by 432,000 barrels per day, in line with an existing plan to unwind curbs made in 2020 when the COVID-19 pandemic hammered demand.

China, the world's biggest oil importer, its oil demand is expected to rebound to 14.26 million barrels per day (bpd) in the second quarter, after dropping to 13.9 million bpd in the previous quarter as the country's zero-COVID policy dampened consumption, a senior researcher from China National Petroleum Corp (CNPC) said.

India. world's third biggest oil importer and consumer has bought more than twice as much crude oil from Russia in the two months since its invasion of Ukraine as it did in the whole of 2021, according to Reuters calculations, as Indian refiners snapped up discounted oil that others have shunned. India's electricity demand touched a record high in April as its northern states reeled under the hottest pre-summer months in decades, with a surge in the use of air conditioning triggering the worst power crisis in more than six years. Factory activity in India picked up last month, bolstered by a solid increase in demand as pandemic restrictions were eased, but rising energy prices pushed input costs to a five-month high, a private survey showed.

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In a monthly report, OPEC cut its forecast for growth in world oil demand in 2022 citing the impact of Russia's invasion of Ukraine, rising inflation as crude prices soar and the resurgence of the Omicron corona virus variant in China. The invasion in February sent oil prices soaring above $139 a barrel, the highest since 2008, worsening inflationary pressures. Even so, world oil consumption is expected to surpass the 100 million bpd mark in the third quarter, as OPEC has predicted. On an annual basis according to OPEC, the world last used more than 100 million bpd of oil in 2019. OPEC's report showed OPEC output in March rose by just 57,000 bpd to 28.56 million bpd, lagging the 253,000 bpd rise that OPEC is allowed under the OPEC+ deal.

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:

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	99.5	93	112	117
MCX (Rs.)	7700	7325	8550	8700

MCX trend seen Bullish as long hold S1, While Sustain Close above 8550 & 8700 seen sharp Upmove.

Natural Gas

Technical Outlook:

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	560	520	610	645

MCX trend seen Bearish as long hold R1

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen range bound trade as for 1st half price was in small range with some correction seen in 2nd half but still price not able to break last 2-months trading range. On one side price seen pressure from poor demand expectations from world top base metals consumer China where lockdown continue to hurt demand & supply chain since last 2-months and bullish dollar index makes metals expensive for purchase by other country currency. Other side a good rebound in demand after last 2-years pandemic makes buying at lower level with help of depleting warehouse stocks at exchange monitor warehouses. During the month Zinc rally towards fresh all time high thanks to supply disturbance & lower availability due to higher power costing resulted in lower stocks at exchange warehouses and support prices at every dip.

On a monthly basis, Copper lost almost 5%, after test near all time high level last month, while Zinc touch its all time high during month but ended 4% lower for the month April. Aluminum fall almost 13% during the month and lost almost 30% from its all time high tested in march this year. Lead down almost 7% while metals in news last days. Nickel down 3% during the month April.

MONTHLY BULLETIN (RESEARCH) Date 9th May 2022

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.

Earlier, supply disturbance expectations buyout metals after geopolitical tension between western countries & Russia. Russia produces about 6% of the world's aluminium and accounts for about 7% of global nickel mine supplies. It is also a major producer of natural gas used to generate electricity. China accounts for around 56% of global aluminium production estimated at around 67 million tonnes last year. The top consumer is expected to see a deficit around 1.5 million tonnes this year.

Latest numbers from top metal consumer China shows, China's factory activity contracted at a steeper pace in April as the lockdowns halted industrial production and disrupted supply chains, raising fears of a sharp economic slowdown in the second quarter that will weigh on global growth. China GDP expanded by 4.8% in the first quarter from a year earlier, beating analysts' expectations for a 4.4% gain and picking up from 4.0% in the fourth quarter. Data on March activity showed retail sales contracting the most on an annual basis since April 2020 on widespread COVID curbs across the country. China's nationwide survey-based jobless rate stood at 5.8% in March, the highest since May 2020, while that in 31 major cities hit a record 6.0%.

The global nickel market registered a surplus of 10,500 tonnes in February, compared with a deficit of 5,700 tonnes in the same month last year, data from the International Nickel Study Group showed.

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 see 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	743	730	780	805

MCX trend seen Bearish as long hold R1, While Sustain fall below S1 seen sharp down trend.

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	180	177	188	195

MCX trend seen Bearish as long hold R1

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	309	300	342	362

MCX trend seen Bearish as long hold R1

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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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