MONTHLY BULLETIN (RESEARCH) Date 8th Nov 2022

GOLD

Market Outlook and Fundamental Analysis:

Gold seen a 7th straight monthly decline in Oct to fall by 1.5% against industrial metal Silver register 2nd straight monthly gain of more than 1% and recover from 2-year low, but gain in bullion seen limited due to rally in dollar index which continue its northward journey after aggressive rate hikes by major central banks across the world, especially from US FED which hint more rate hike in upcoming meetings pressure bullion despite geopolitical and inflation which generally act as safe haven for Bullion. 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. Also pressure by dollar index which scale fresh 20-year high & increasing treasury yield makes bullion unattractive at every rally throughout the month.

US Nonfarm payrolls, a gaunge to interest rates decision, shows U.S. employers hired more workers than expected in October, but a rise in the unemployment rate to 3.7% suggested some loosening in labor market conditions, as Nonfarm payrolls increased 261,000 last month. Data for September was revised higher to show 315,000 jobs added instead of 263,000 as previously reported. Economists polled by Reuters had forecast 200,000 jobs, with estimates ranging from 120,000 to 300,000. The unemployment rate increased to 3.7% from September's 3.5%. Average hourly earnings increased 0.4% after rising 0.3% in September. U.S. private payrolls increased more than expected in October, as Private employment increased by 239,000 jobs last month. Data for September was revised down to show 192,000 jobs created instead of 208,000 as previously reported. Economists polled by Reuters had forecast an increase of 195,000 private jobs.

In its latest meet, the Federal Reserve raised interest rates by 75-basis point as it continued to battle the worst outbreak of inflation in 40 years, but signaled future increases in borrowing costs could be made in smaller steps to account for the "cumulative tightening of monetary policy" it has enacted so far. The policy decision set the target federal funds rate in a range between 3.75% and 4.00%, the highest since early 2008. The U.S. central bank has raised rates at its last six meetings beginning in March, marking the fastest round of increases since former Fed Chair Paul Volcker's fight to control inflation in the 1970s and 1980s. Also, the Bank of England raised interest rates by the most since 1989 but it also warned that Britain faced a long recession and told investors borrowing costs were likely to go up by less than they expect. The BoE increased Bank Rate to 3% from 2.25% even as it said Britain's economy might not grow for another two years, a slump longer than during the 2008-09 financial crisis. The ECB raised interest rates again and announced it was changing the terms of its ultra-cheap loans to commercial banks in a bid to shrink its bloated balance sheet and fight off a historic surge in inflation. The central bank for the 19 countries that use the euro raised its deposit rate by a further 75 basis points to 1.5% - the highest rate since 2009. Until as recently as July, ECB rates had been in negative territory for 8-years.

U.S. economic growth rebounded strongly in the third quarter amid a shrinking trade deficit according to advance third-quarter GDP report, as Gross domestic product increased at a 2.6% annualized rate last quarter after contracting at a 0.6% pace in the second quarter. Economists polled by Reuters had forecast GDP growth rebounding at a 2.4% rate.

On data side, The U.S. services industry grew at its slowest pace in nearly 2-1/2 years in October, but businesses continued to face higher prices for inputs, confirming that inflation was shifting to services from goods. The ISM non-manufacturing PMI fell to 54.4 last month, the lowest reading since May 2020, from 56.7 in September. US Manufacturing PMI, compiled by S&P Global, rose to 55.3 in October from September's 55.1, better than a Reuters poll median forecast for 54.9 and remaining above the 50-level separating growth from contraction for a sixteenth month. U.S. consumer spending rose more than expected in September while underlying inflation pressures continued to bubble, as consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.6% last month, Data for August was revised higher to show spending increasing 0.6% instead of 0.4% as previously reported.

India's gold consumption in the months of October to December could fall by around a quarter from a year ago as inflation depresses rural demand, the World Gold Council (WGC) said on Tuesday. Two-thirds of India's gold demand usually comes from rural areas, where jewellery is a traditional store of wealth. The drop could bring down India's total gold consumption in 2022 to around 750 tonnes, down 6% from last year's 797.3 tonnes.

On domestic Data update, Activity in India's dominant services industry gathered pace in October despite high inflationary pressures, underpinned by robust domestic demand, leading to the second fastest hiring pace in over three years, a private survey showed. The S&P Global India services PMI edged up to 55.1 in October from September's six-month low of 54.3, easily beating the Reuters poll expectation for 54.6

Separately, Central banks bought a record 399 tonnes of gold worth around $20 billion in the third quarter of 2022, helping to lift global demand for the metal. Demand for gold was also strong from jewellers and buyers of gold bars and coins but exchange traded funds (ETFs) storing bullion for investors shrank, the WGC said in its latest quarterly report. In total, the world's gold demand amounted to 1,181 tonnes in July-September, up 28% from 922 in the same period in 2021 and demand in the year to September had recovered to pre-pandemic levels, the WGC said in its latest quarterly report.

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Swiss gold exports to top markets China and India increased in September, while shipments to Turkey rose to the highest since April 2013, Swiss customs data showed. A decline in gold prices from more than $2,000 an ounce in March to around $1,650 has boosted demand for gold bars, coins and jewellery in Asia, where buyers typically take advantage of low prices. Switzerland is the world's biggest refining and transit hub for gold

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:

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In COMEX GOLD is trading at $1712

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1660	1615	1730	1765
MCX (Rs.)	50500	49800	51800	52200

Mcx Trend seen Bullish as long S1 hold downside, while Sustain close below 50500 seen prices towards S2.

SILVER

Technical Outlook:

On the Daily Chart MCX:

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	19.40	17.50	21.70	22.60
MCX (Rs.)	59800	56800	62400	63500

MCX trend seen Bullish as long hold S1, While Sustain fall below 56800 seen Sharp down Rally.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register first monthly gain after straight 4-months fall thanks to OPEN supply cut, added by demand expectations from top importer China and after supply disturbance from US sanctions support prices at lower level. Benchmark Brent rally almost 11% while WTI gain 9%.

OPEC oil output fell in October for the first time since June on lower exports from African members and lower output from some Gulf producers after the wider OPEC+ alliance pledged a small output cut, a Reuters survey found

U.S. crude oil stockpiles rose in the most recent week, even as the volume of exports hit an all-time record, the EIA said on last week of the Oct month. Crude inventories rose by 2.6 million barrels in the week to Oct. 21 to 439.9 million barrels, nearly triple h analysts' forecasts in a Reuters poll for a 1 million-barrel rise.

India. world's third biggest oil importer and consumer, state fuel retailers' diesel sale in October surged from the previous month, preliminary sales data shows, indicate a pickup in industrial activity during the peak festive season.

Separately, OPEC in its monthly report, cut its 2022 forecast for growth in world oil demand for a 4th time since April and also trimmed next year's figure, citing slowing economies, the resurgence of China's COVID-19 containment measures and high inflation. It says, Oil demand will increase by 2.64 million barrels per day (bpd) or 2.7% in 2022, down 460,000 bpd from the previous forecast. "The world economy has entered into a time of heightened uncertainty and rising challenges, amid ongoing high inflation levels, monetary tightening by major central banks, high sovereign debt levels in many regions as well as ongoing supply issues," OPEC said in the report. Next year, OPEC sees oil demand rising by 2.34 million bpd, 360,000 bpd less than previously forecast, to 102.02 million bpd. OPEC still expects demand in 2023 to exceed the pre-pandemic rate of 2019.

Going ahead, Uncertainty in global oil and gas markets could stay for some time to come as spare capacity is very low while demand is still recovering With Russia's invasion of Ukraine, 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 ($)	82	76	94	101.50
MCX (Rs.)	6900	6725	7350	7650

MCX trend seen Bullish as long hold S1, While Sustain Close above 7650-7750 seen towards 8000-8100.

Natural Gas

Technical Outlook:

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	450	430	520	600

MCX trend seen Bearish as long hold R1, While Sustain Close below 450 seen towards 410-400 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen roller costal ride in the month of Oct as in first half prices rally towards multi week high in expectations that top consumer China likely to open from Covid restrictions which might life demand for base metals and after supply disturbance seen in few of the metals, but at end of the month pair gain to fall towards multi month low due to again lockdown news from China, added by strong dollar index which rally towards fresh recent high in last week of the month and hawkish FED which continue to increase rates in recent meetings. Benchmark copper after register straight 6-monthly fall, ended with minor gain in domestic future exchange while Zinc continue its southward journey in consecutive 2nd month to fall by almost 9%. But against this Aluminum and Lead register minor gain for the month of Oct.

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Latest numbers from top metal consumer China shows, China's factory activity unexpectedly fell in October, weighed by softening global demand and strict domestic COVID-19 curbs, as the official manufacturing PMI fell to 49.2 from 50.1 in September, according to the National Bureau of Statistics. China, world's second-biggest economy expanded (GDP) 3.9% in July-September from a year earlier, outstripping the 3.4% pace forecast in a Reuters poll and faster than the 0.4% growth in the second quarter. On a quarterly basis, GDP rose 3.9% versus a revised drop of 2.7% in April-June and an expected 3.5% rise. Same day, Hong Kong shares slid to 13-year lows and the onshore yuan fell to its weakest level in 15 years on concerns over the economy.

The International Lead and Zinc Study Group (ILZSG) now expect global zinc usage to contract by 1.9% this year against 1.6% growth expected in its April meeting. The International Nickel Study Group has cut its global demand forecast from 8.6% in May to 4.2%, reflecting a slide in stainless steel production. The ILZSG is forecasting another year of supply deficit for both zinc and lead next year as smelter availability reduces the flow of mined concentrate. The International Copper Study Group's (ICSG) forecast for the global refined market to move from supply deficit to a 155,000-tonne surplus next year.

Glencore produced 18% less zinc in the first 9-months compared with the same period a year before and it trimmed its full-year output forecast by 6% due to knock-on effects of the Ukraine war. Glencore revised down its base forecast, or the mid-point of its forecast range, for zinc production this year by 65,000 to 945,000 tonnes. Lead production fell 21% to 136,900 tonnes, largely due to similar reasons for weaker zinc output since the two metals are often found in the same ore bodies. Copper output fell 14% to 770,500 tonnes, partly owing to continued reduced output at Katanga.

India's infrastructure output expanded 7.9% year-on-year in September, compared to upwardly revised 4.1% growth in the previous month.

On Supply side, Chile's total copper production fell 4.27% in September to 428,300 tonnes, government body Cochilco said. Production from state-owned giant Codelco fell 7.92% on a year-on-year basis to 123,200 tonnes, while production at Collahuasi, a joint venture of Anglo American and Glencore , fell 3.5% to 44,500 tonnes. Copper output from Escondida, which is controlled by Australian mining giant BHP, rose 3.51% to 85,500 tonnes, Cochilco said.

Going ahead, geopolitical tension between western/European countries and Russia resulted in supply disturbance and force prices towards multiyear to all time high earlier. 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	655	638	690	710

MCX trend seen Bullish as long hold S1, While Sustain above 710 seen sharp Up rally towards 740-750.

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	178	175	184	190

MCX trend seen Bullish as long hold S1 while Sustain Close above 184 seen 189-190 belt.

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	255	248	270	278

MCX trend seen Bearish as long hold R1, While Sharp Uprally expected only Sustain above 270

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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-Nov 8th, 2022

Mahesh Prakot

Digitally signed by Mahesh Prakot
DN: cn=Mahesh Prakot c=IN o=Personal ou=Personal
Reason: I am the author of this document
Location:
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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

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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