MONTHLY BULLETIN (RESEARCH) Date 8th Sep 2021

GOLD

Market Outlook and Fundamental Analysis:

Bullion ended flat with smart recovery from 4-month low hit during the month to end near 4-week high while Silver down 6.5% during month Aug of strong dollar & FED might start reducing its pandemic-era stimulus measures. On one side gold seen preference amid increasing delta variant Covid cases in western as well Asian countries against strong dollar pull prices lower at every gain. Platinum register 4th consecutive monthly loss, sliding 3.4% and Palladium at its worst monthly performance since January with a 7% decline.

On last week of the month, In a speech to the annual Jackson Hole economic conference, Powell indicated the Fed will remain cautious in any eventual decision to raise interest rates as it tries to nurse the economy to full employment, saying he wants to avoid chasing "transitory" inflation and potentially discouraging job growth in the process - a defense in effect of the new approach to Fed policy he introduced a year ago. On the potentially imminent decision by the U.S. central bank to begin reducing its $120 billion in monthly purchases of U.S. Treasuries and mortgage-backed securities, Powell said he agreed with the majority of his colleagues that a bond "taper" could be appropriate "this year."

Gold is considered a hedge against inflation and currency debasement that tends to result from widespread money printing by central banks. An interest rate hike by the Fed would dull bullion's appeal compared with interest-earning assets.

US Nonfarm payrolls, a gauge for economy & interest rates, shows, The U.S. economy created the fewest jobs in 7-months in August as hiring in the leisure and hospitality sector stalled amid a resurgence in COVID-19 infections, which weighed on demand at restaurants and other food places. Nonfarm payrolls increased by 235,000 jobs last month, the smallest gain since January. Data for July was revised up to show a whopping 1.053 million jobs created instead of the previously reported 943,000. That left the level of employment about 5.3 million jobs below its peak in February 2020. Economists polled by Reuters had forecast nonfarm payrolls increasing by 728,000 jobs.

U.S. private employers hired far fewer workers than expected in August, likely because of resurgence in new COVID-19 infections, but the labor market continues to steadily recover. Private payrolls increased by 374,000 jobs last month after rising 326,000 in July, the ADP National Employment Report showed. Economists polled by Reuters had forecast private payrolls would increase by 613,000 jobs.

US GDP increased at a 6.6% annualized rate, the government said in its second estimate of GDP growth for the April-June period. That was revised up from the 6.5% pace of expansion reported in July against economists polled by Reuters had expected that second-quarter GDP growth would be raised to a 6.7% pace. The report from the Commerce Department also showed a hefty increase in corporate profits, which should allow businesses to continue buying equipment and hiring workers, and keep the economy on a solid growth path in the third quarter even as soaring coronavirus cases cool consumer spending.

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On data side, The U.S. trade deficit narrowed more than expected in July as imports declined likely because of shortages and a shift in domestic spending from goods to services. U.S. consumer confidence fell to a six-month low in August as concerns about soaring COVID-19 infections and higher inflation dampened the outlook for the economy. US Pending Home Sales Index, based on contracts signed last month, fell 1.8% after dropping a revised 2.0% in June. Economists polled by Reuters had forecast pending home sales would increase 0.4%. U.S. consumer sentiment plunged to its lowest level in nearly a decade in August as consumers' views of their personal financial prospects continued to worsen due to smaller income gains amid higher inflationary trends, a survey showed. Producer prices posted their largest annual increase in more than a decade amid inflation pressures while the number of Americans filing claims for unemployment benefits fell again last week as the economic recovery continues to be bumpy.

Indicative of sentiment, holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, fell 0.2% to 1,000.26 tonnes on last day of the month, its lowest level since April 2020.

After seven straight months of net inflows, India gold exchange traded funds witnessed a pullout of over Rs 61 crore in July as investors diverted their money to equity and debt funds that generated attractive returns. Despite the negative flows in the category, the number of folios went up to 19.13 lakh in July from 18.32 lakh in the preceding month, data with Association of Mutual Funds in India (Amfi) showed. Barring February 2020, November 2020 and July 2021, investments into ETFs that track the yellow metal have been witnessing a steady uptick since August 2019.

India's gold imports in August nearly doubled from a year earlier to the highest in five months on strong demand and as weaker prices prompted jewellers to ramp up purchases for the festive season, a government source said. India's gold imports in the first eight months of 2021 tripled to 687 tonnes from the lower base of 2020, when the coronavirus outbreak forced authorities to impose a nationwide lockdown, the government official said.

On domestic Data update, Indian factory activity expanded at a slower pace last month as persistent pandemic-related weakness weighed on demand and output, forcing firms to cut jobs again following a brief recovery in July, a private survey showed. India's economy rebounded in the April-June quarter even while a devastating second wave of COVID-19 swept the country.
GDP expanded 20.1% in April-June, the first quarter of India's fiscal year, compared with the same period a year earlier, driven mainly by manufacturing and construction, the statistics ministry said. That was in line with a Reuters poll forecast of 20.0% and compared with a record contraction of 24.4% in the same quarter of 2020.

Going ahead, Rollouts of vaccines to combat the virus and trillions of dollars' in fiscal support are expected to boost investment and spending in 2021, spurring demand for raw materials from oil to copper. Also, If U.S. growth slows down next year, as expected, gold would benefit from higher demand for defensive assets. In nutshell, Performance of financial markets, monetary policy in key economies including here, and the dollar movement will determine gold performance in 2021. Gold could move higher with risk assets next year as long as monetary and fiscal conditions remain accommodative, while lower yields will encourage investors to hedge riskier assets with gold. Given the rising inflation expectations, weakening dollar and lofty valuations in some risky assets, demand for safe-haven inflation hedges should remain supported this year, and we can expect gold to test its all time high above $2,100/toz in this year. Gold is often used by investors as a hedge against political and financial uncertainty.

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Technical Outlook:

On the Daily Chart:

In COMEX GOLD is trading at $1790

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1770	1720	1800	1835
MCX (Rs.)	46750	46300	47450	47850

RECOMMENDATION:

MCX Gold Dec: Buy ONLY above 47450 Stop Loss 47100 Targets 48200-48500.
Sell below 46750 Stop Loss 47000 Target 46200-46000.

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SILVER

Technical Outlook:

On the Daily Chart:

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	23.30	22.50	24.90	26
MCX (Rs.)	63200	62000	65600	66700

RECOMMENDATION:

MCX Silver Dec: Buy Only above 65300 & 65600 Stop Loss below 64500 Targets 68200-68800
Sell below 63200 S/L above 64100 Target 61000-60000.

CRUDE OIL

Market Outlook and Fundamental Analysis

After 4-consecutive monthly gains, Energy complex register minor fall for the month Aug but recover smartly from month low hit during last week due to demand expectations & hurricane which might disrupt supply & support prices. Benchmark Brent & WTI both down by 3% & 7.5% to recover smartly from once price fall towards May month low. Prices sea saw on one side demand hope after fast vaccinations & opening up of global economy while at higher level some concern seen from new Delta variant & OPEC+ to increased production. In last week of Aug, Brent rise over 10%, its best weekly gain since June 2020. However, both benchmarks marked their biggest week of losses in more than nine months last week, with Brent sliding about 8% and WTI about 9%.

In its latest meet, OPEC and its allies on Wednesday agreed to stick to their existing policy of gradual oil output increases, despite revising its 2022 demand outlook upwards and ongoing U.S. pressure to raise production more quickly. The Organization of the Petroleum Exporting Countries and allies led by Russia agreed in July to phase out record output cuts by adding 400,000 barrels per day (bpd) of oil a month. OPEC+ experts on Tuesday revised the 2022 oil demand growth forecast to 4.2 million bpd, up from a previous 3.28 million bpd, potentially building the case for higher output in future.

In its latest weekly report, EIA said, U.S. crude stocks dropped sharply while petroleum products supplied by refiners hit an all-time record despite the rise in coronavirus cases nationwide. Crude inventories fell by 7.2 million barrels in the week to Aug. 27 to 425.4 million barrels, compared with analysts' expectations in a Reuters poll for a 3.1 million-barrel drop. Refinery crude runs fell by 134,000 barrels per day in the last week, EIA said. Refinery utilization rates fell by 1.1 percentage points in the week as the summer driving season wanes and the less-active turnaround season approaches. Many refiners delayed maintenance last year due to a lack of workers related to COVID-19.

U.S. oil rigs rose five to 410 in last week of Aug month, their highest since April 2020, energy services firm Baker Hughes Co said. In August, drillers added 25 oil rigs, the most in a month since January, putting the oil rig count up for 12 months in a row for the first time since July 2017. For the month, drillers added 20 oil and gas rigs, putting the count up for 13 months in a row for the first time since July 2017.

U.S. energy firms this week added oil and natural gas rigs for a fourth week, resulting in the 13th monthly increase in a row, even as a major storm approaches the Gulf of Mexico.

OPEC oil output rose in August to its highest since April 2020, a Reuters survey found, although involuntary losses limited the gain as the group's top producers further eased supply curbs under a pact with its allies. The OPEC has pumped 26.93 million barrels per day (bpd), the survey found, up 210,000 bpd from July's estimate. Output has risen every month since June 2020, apart from in February. The OPEC+ agreement allows for a 400,000 bpd production increase in August from all members, of which 253,000 bpd is shared by the 10 OPEC members covered by the deal, OPEC figures seen by Reuters show.

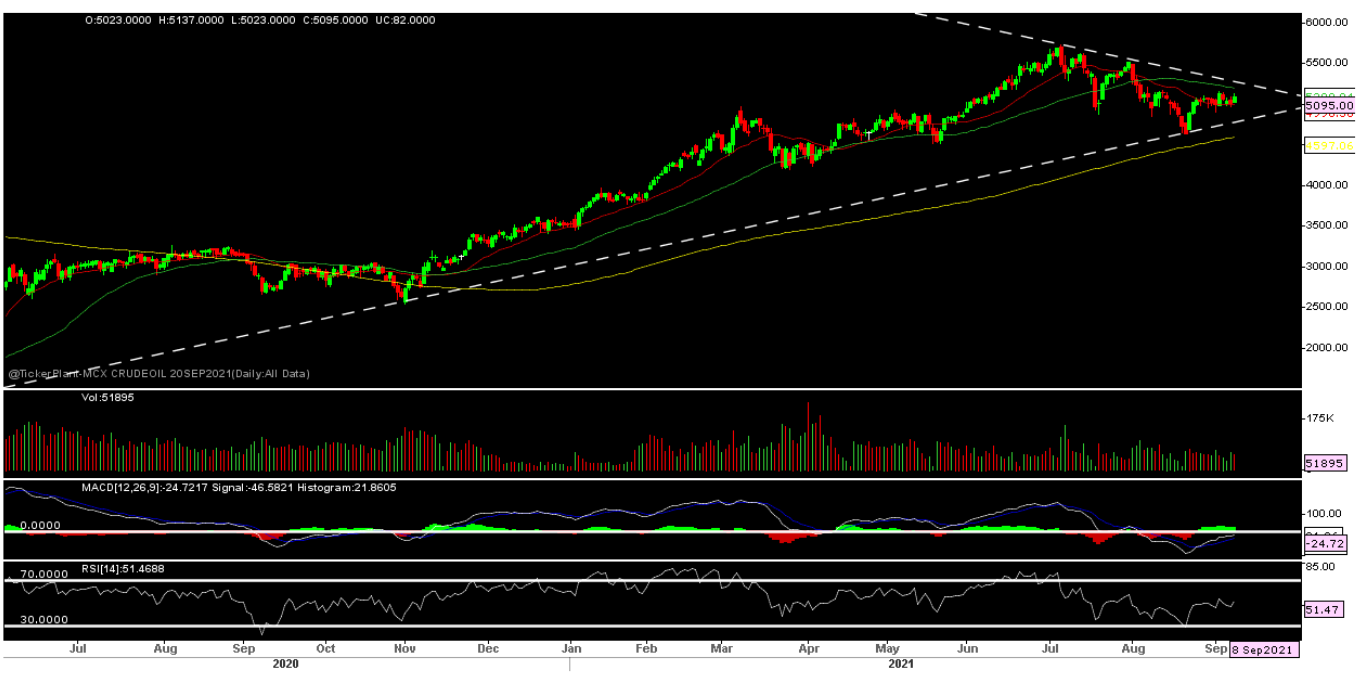
The international energy watchdog's monthly report said rising demand for oil reversed course in July and was set to proceed more slowly for the rest of the year after the latest wave of COVID-19 infections prompted countries to bring in restrictions again. "Growth for the second half of 2021 has been downgraded more sharply, as new COVID-19 restrictions imposed in several major oil consuming countries, particularly in Asia, look set to reduce mobility and oil use," the Paris-based IEA said.

In its monthly report, the OPEC stuck to its prediction of a strong recovery in world oil demand in 2021 and 2022, despite concerns about the spread of the virus.

India's gasoline demand is set to hit a record this fiscal year, with consumption accelerating as more people hit the road for business and leisure travel after easing of COVID-19 curbs. Annual passenger vehicle sales in India rose by 45% to 264,442 units in July, driven by pent-up demand, according to data from the Society of Indian Automobile Manufacturers. Sluggish diesel demand has forced some refiners to cut crude oil processing as their fuel storage were full. That reduced India's July crude oil imports to their lowest in a year.

Going ahead, Oil prices are unlikely to mount much of a recovery in 2021 as a new coronavirus variant and related travel restrictions threaten already weakened fuel demand. A new variant of the coronavirus detected in Britain raises the risk of renewed restrictions and stay-at-home orders, which along with a phased rollout of vaccines might restrict further price gains. Additional lockdown measures and the careful OPEC+ dance of raising output will be the focal point for the first half of the year.

Technical Outlook:-



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On the Daily Chart:

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	67	65	70.60	74.25
MCX (Rs.)	4900	4710	5170	5320

RECOMMENDATION:

MCX Crude: Sell below 5000 Stop Loss above 5140 Target 4830-4710.
Buy above 5170 Stop Loss below 5050 Target 5350-5500

Natural Gas

Technical Outlook:

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RECOMMENDATION:

MCX NG : Buy above 370 Stop Loss below 358 for Targets of 382-385.
Sell below 335 S/L above 345 Target 322-318 Range

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metals seen mix of trend with some metals hit multi month to multiyear high while others remain flat to slightly lower as sea saw between hope of faster global economic recovery from pandemic against poor economic numbers from top consuming country. Benchmark copper fall almost 2% against LME aluminum at its highest of 10-years & Shanghai at 12-years as smelters in top producer China faced tougher power controls, stoking supply worries for the energy-intensive metal. During the month once copper fall to 4-month low, at end still it's up 20% this year with demand expected to increase by year end from EV. Nickel registers consistent 5th monthly gain on lower stocks & higher demand. Lead also hit fresh 3-year high during the month on strong battery demand from robust car sales.

Aluminum Rally after The government in China's Guangxi region, an aluminium and alumina production hub, called for tougher controls on energy consumption in a statement issued after a teleconference. The region is China's third-biggest producer of alumina, a primary product of aluminium, with output of 925,500 tonnes in July, according to the National Bureau of Statistics.

China will not auction off strategic metal inventories this month due to a spike in cases, Chinese industry consultancies said earlier, although the country's state reserves body said it would continue to release stocks.

Latest numbers from top metal consumer China shows, factory output and retail sales growth slowed sharply and missed expectations in July, as new COVID-19 outbreaks and floods disrupted business operations, adding to signs the economic recovery is losing momentum. China's economy has rebounded to its pre-pandemic growth levels, but the expansion is losing steam as businesses grapple with higher costs and supply bottlenecks. China's new home prices in July rose at the slowest pace since January, official data showed on Monday, after authorities further tightened curbs on the sector, including limits on some purchases.

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On Data Side, U.S. manufacturing activity unexpectedly picked up in August amid strong order growth, but a measure of factory employment dropped to a nine-month low, likely as workers remained scarce. U.S. construction spending picked up in July, lifted by gains in both private and public sector projects.

Going ahead, A year into the coronavirus pandemic, the focus has been on the vaccines vs variants battle crucial to restoring some normality to the world economy. 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:

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Expected Support & Resistance level for the month

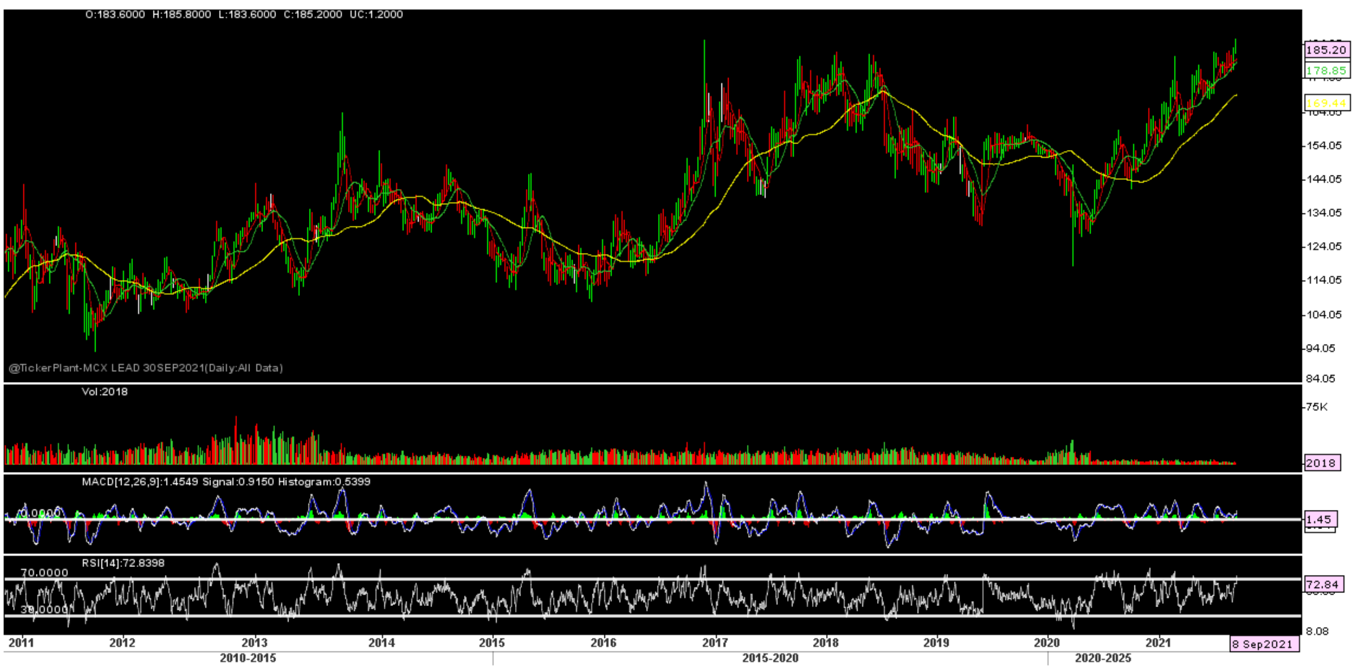
Copper	S1	S2	R1	R2
MCX	704	690	718	730

RECOMMENDATION:

COPPER MCX:- Sell below 704 Stop Loss above 714 Target 690-684 Range.
Buy above 720 Stop loss below 712 Target 730-734.

<u>LEAD</u>:

<u>Technical Outlook:</u>



Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	179.5	176	186	190

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RECOMMENDATION:

LEAD M MCX: - Sell below 176 Stop Loss above 180 Target 170-167.
Buy Only above 186 Stop Loss below 182 Target 192-195

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	249	245	253.5	258

RECOMMENDATION:

ZINC MCX :- Sell Only below 245 Stop Loss above 249 Target 240-237 Range
Buy above 253.5 Stop Loss below 250 Target 258-260

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NICKEL

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX	1450	1415	1495	1515

RECOMMENDATION:

Nickel MCX :- Sell below 1415 Stop Loss above 1440 Targets 1380-1360
Buy Only above 1495 Stop Loss below 1450 Targets 1540-1560

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BONANZA COMMODITY BROKERS PVT. LTD.

DATE- Sep 8th, 2021

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