MONTHLY BULLETIN (RESEARCH) Date 8th Sep 2022

GOLD

Market Outlook and Fundamental Analysis:

Bullion seen a 5th straight monthly decline as Gold fall 3% & silver down 11%, its longest run of monthly losses since 2018, pressured by aggressive rate hikes by major central banks across the world. It's getting much clearer that central banks are going to be aggressive with tightening due to unprecedented inflationary pressure, which is not good for gold. 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 are every rally throughout the month Aug. the euro dropped below 99 U.S. cents for the first time in 20 years after Russia said gas supply down its main pipeline to Europe would stay shut indefinitely.

The U.S. economy will need tight monetary policy "for some time" before inflation is under control, which means slower growth, a weaker job market and "some pain" for households and businesses, Federal Reserve Chair Jerome Powell said on Friday in remarks that warned there is no quick cure for fast rising prices. "Reducing inflation is likely to require a sustained period of below-trend growth. Moreover, there will very likely be some softening of labor market conditions. While higher interest rates, slower growth, and softer labor market conditions will bring down inflation, they will also bring some pain to households and businesses," Powell said in a speech kicking off the Jackson Hole central banking conference in Wyoming.

The message from the world's top finance chiefs is loud and clear: rampant inflation is here to stay and taming it will take an extraordinary effort, most likely a recession with job losses and shockwaves through emerging markets. This will likely to pressure bullion at every rally atleast for short period.

US Nonfarm payrolls, a gauge to interest rates decision, shows increased by 315,000 jobs in Aug and Data for July was revised slightly down to show payrolls surging 526,000 instead of 528,000 as previously reported. That marked the 20th straight month of job growth. Economists polled by Reuters had forecast payrolls increasing 300,000. The unemployment rate increased to 3.7% from a pre-pandemic low of 3.5% in July. Average hourly earnings rose 0.3% in August after increasing 0.5% in July. That kept the annual increase in wages at 5.2% in August. U.S. private payrolls increased by 132,000 jobs in August after rising 270,000 in July, the ADP National Employment Report showed.

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India's fiscal deficit for the fourth months through June touched 3.41 trillion rupees ($42.91 billion) or 20.5% of annual estimates as Net tax receipts stood at 6.66 trillion rupees while total expenditure was 11.27 trillion rupees, the data showed.

Britain recorded its biggest fall in output in more than 300 years in 2020 when it faced the brunt of the COVID-19 pandemic, as well as a larger decline than any other major economy, updated official figures showed. GDP fell by 11.0% in 2020, bigger drop than any of the ONS's previous estimates and the largest fall since 1709, according to historical data hosted by the Bank of England.

Global factory activity slumped in August as Russia's war in Ukraine and China's zero COVID-19 curbs continued to hurt businesses, latest numbers shows. Manufacturing activity was weak in countries ranging from Germany to Britain to China in a sign sluggish demand was adding to headaches for companies already suffering from lingering supply constraints. Meanwhile, major central banks are expected to continue aggressive interest rate hikes and that is also dampening optimism through growing fears of an outright slump. In Britain, outside the European Union, factory output and new orders fell by the most in more than two years in the face of deepening uncertainty about surging inflation and the risk of recession at home and abroad. In Germany, Europe's largest economy and a major exporter, the manufacturing sector contracted for a second month.

Export powerhouses were also reporting weakness. Japan's factory activity grew at its slowest rate in nearly a year in August, while that of South Korea shrank by the sharpest pace in two years, PMIs for both countries showed. Manufacturing activity also deteriorated sharply in Taiwan, with production and new orders both falling at the quickest pace since the initial wave of the pandemic in May 2020.

German inflation rose to its highest level in almost 50 years in August, beating a high set only three months earlier, as Consumer prices, increased by 8.8% on the year, following an unexpected 8.5% rise in July. At 8.9%, euro zone inflation is already more than four times the ECB's 2% target and could exceed 10% in the coming months.

SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, said its holdings at 973.37 tonnes at end of the month.

On domestic Data update, India's dominant services industry grew faster than expected in August thanks to a solid expansion in demand and a continued easing in cost pressures, encouraging firms to hire at the quickest pace in more than 14 years, a private survey showed. India's wholesale inflation rose 13.93% in July from a year earlier, but it stayed in double digits for a 16th month, rose lower than a forecast of 14.20% in a Reuters poll of analysts, and compared with 15.18% the previous month. India's consumer inflation dipped to 6.71% in July, easing for the third month in a row, marginally lower than the 6.78% forecast by economists in a Reuters poll. But it remained above the central bank's 2-6% tolerance band for a seventh month in a row.

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India's economy grew 13.5% from a year ago in the April-June quarter, its fastest annual pace in a year, came below a 15.2% forecast by economists in a Reuters poll, but well above 4.1% growth in the previous quarter. The last time India's economy grew faster was in April-June 2021 when it gained 20.1% from the pandemic-depressed level a year earlier.

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.

<u>Technical Outlook</u>:

<u>On the Daily Chart MCX:</u>

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In COMEX GOLD is trading at $1710

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	1675	1640	1765	1810
MCX (Rs.)	49700	49000	52000	52700

Mcx Trend seen bearish as long R1 hold upside, while Sustain close above R1 seen prices towards R2.

SILVER

Technical Outlook:

On the Daily Chart MCX:

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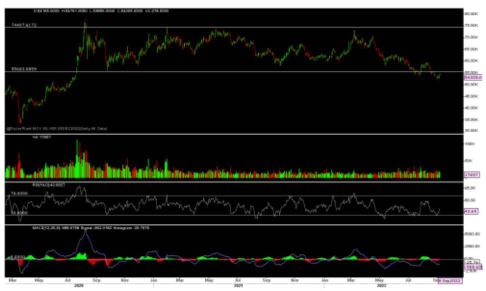


Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	17.50	16.80	19.50	21
MCX (Rs.)	51800	51000	55500	57000

MCX trend seen Bearish as long hold R1, While Sustain fall below 51800 seen Sharp down Rally.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex register straight 3rd monthly decline in Auf as demand seen slower after recession fear from major central banks increasing rates added by slowdown in China, 2nd biggest consumer after latest lockdown and 20-year high dollar index makes energy prices on southward journey. Benchmark Brent down Aug by almost 8% while WTI fall 9%. With this Brent fall below levels seen since Russia-Ukrain crisis and at its lowest since FEB this year.

In its latest meet OPEC and its allies led by Russia agreed a small oil production cut to bolster prices that have slid on fears of an economic slowdown. The oil producers will reduce output by 100,000 barrels per day (bpd), amounting to only 0.1% of global demand, for October and also agreed they could meet any time to adjust production before the next scheduled meeting on Oct. 5.

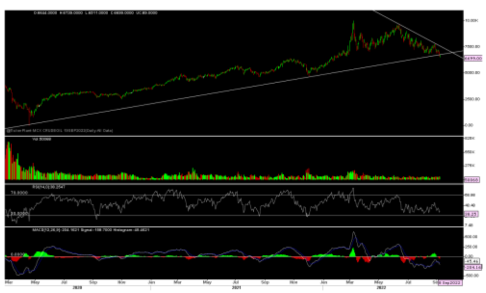
India. world's third biggest oil importer and consumer, Petrol sales in India rebounded in August but diesel continued to show a decline over the previous month as rains in several parts chipped away demand in some sectors, preliminary industry data showed. Petrol sales, which had dipped 5 per cent in July, increased 5.8 per cent to 2.81 million tonnes in August when compared with 2.66 million tonnes of demand in the previous month. The consumption was almost 16 per cent higher than August 2021 and 31.7 per cent more than 2.14 million tonnes in the same month in 2020. It was 20.6 per cent higher than the pre-pandemic demand of 2.33 million tonnes in August 2019.

Separately, Brent crude futures are swinging sharply on a daily basis. Between Russia's invasion of Ukraine on Feb. 24 through Aug. 15, the daily range between Brent's session highs and lows averaged $5.64. For the same time period last year, the average was $1.99, a Reuters analysis of Refinitiv Eikon data showed. As the market on some days surges on threats to supply, while on other days the cloudy economic outlook causes equally wild selloffs. Because of declining market participation, oil prices are moving around $25 per barrel for every 1 million barrel-per-day variation in supply or demand according to one estimates, that is nearly double the $15 move before Russia's invasion.

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 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 ($)	80	71	98	112
MCX (Rs.)	6500	6200	7250	7800

MCX trend seen Bearish as long hold R1, While Sustain Close below 6500 seen towards 6000 marks.

Natural Gas

Technical Outlook:

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	620	600	670	710

MCX trend seen Bearish as long hold R1, While Sustain Close below 600 seen towards 570-560 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen roller costal ride in the month of Aug as in first half prices rally towards multi week to multi month high after global recovery expectations with largest consumer China seen reviving from lockdown, but pair all gains in second half after Dollar index rally towards fresh 20-year high and recession fear after FED increases rates makes selloff across the based metals pack. Benchmark copper register straight 5th monthly fall to end lower by 1.5% but recover from 20-month low register in last month. Other side zinc outperform base metals pack with straight 2nd monthly gain in Aug by almost 6% against Lead down by 4%, Nickel down by 9.5% and Aluminum down by almost 4%.

Codelco, the world's largest copper producer, cut its production outlook for 2022, blaming lower recovery levels at some of its mines and ore grades at the Chuquicamata site in Chile, as it also deals with fatal accidents halting some construction works. The Chilean state-owned miner said it now expects output to reach between 1.49 million and 1.51 million tonnes this year, down from a previous forecast of 1.61 million tonnes.

China cut its benchmark lending rate and lowered the mortgage reference by a bigger margin, as Beijing boosts efforts to revive an economy hobbled by a property crisis and a resurgence of COVID cases.

On demand side, COVID lockdowns in top consumer China have hit manufacturing and demand for metals, while soaring inflation, interest rate rises and the possibility of recession have undermined industrial activity around the world. Global copper demand is estimated to grow around 2%-3% this year to around 26 million tonnes after 4%-5% growth in 2021 and aluminium demand is expected to grow little more than 2% to around 71 million from 8% growth last year. Zinc consumption is forecast to rise at a sedate 1%-2% this year from 6%-7% in 2021 and nickel demand is seen expanding around 5% this year from around 15% last year.

On Supply side, Copper supplies are seen climbing 3%-5% on production ramp ups at mines in Latin America, Africa and elsewhere, while aluminium supplies are forecast to rise 3.5% with much of that rise in China. Rising nickel output in major producer Indonesia is likely to boost global supplies by 14%-18% to more than 3.1 million tonnes this year. Zinc supplies are expected to stagnate, partly because of production cuts in Europe due to record high power prices.

U.S. manufacturing grew steadily last month but factory activity in China, the euro zone and Britain fell as Russia's war in Ukraine and China's zero COVID-19 curbs continued to hurt businesses, surveys showed.

Latest numbers from top metal consumer China shows, private Caixin manufacturing PMI contracted for the first time in three months in August, as soft demand, power shortages and fresh COVID-19 flare-ups disrupted production.

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.

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	630	610	665	690

MCX trend seen Bearish as long hold R1, While Sustain below 630 seen sharp down move.

LEAD:

Technical Outlook:

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	174	170	182	185

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MCX trend seen Bullish as long hold S1

ZINC

TECHNICAL OUTLOOK:

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	278	270	295	310

MCX trend seen Bullish as long hold S1, While Sharp Uprally expected only Sustain above 310

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

Expected Support & Resistance level

Nickel	S1	S1	R1	R2
MCX				

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DATE-Sep 8th, 2022

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