

SPECIAL REPORT ON

Dhanteras & Diwali



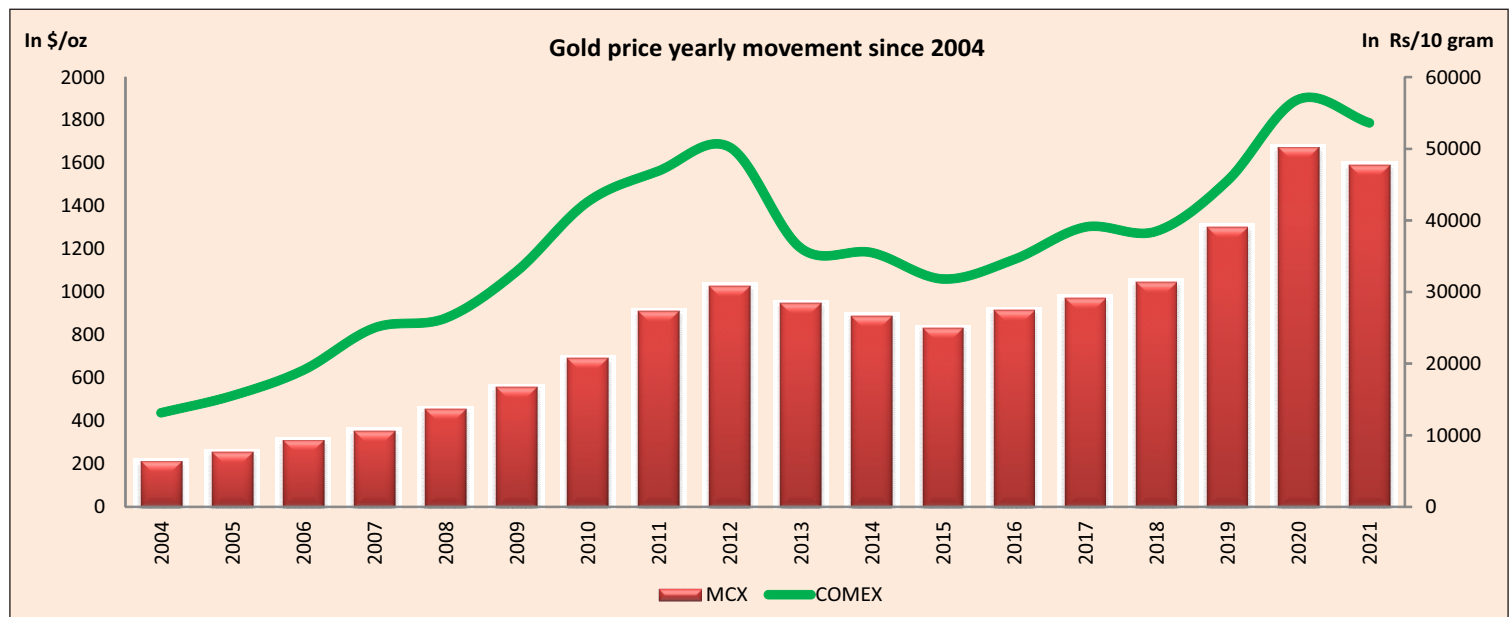
Moneywise. Be wise.

It's a time of celebration as the auspicious "Dhanteras" and festivals of lights "Diwali" are on the way to sparkle blessings on us. These are auspicious occasions are known as to bring prosperity in our lives.

SMC Commodity Research Team has come up with special report on these occasions which will throw light how some commodities gave good returns despite the hit of all odds and slowdown amid Covid-19 and many geo political issues. We have calculated the return on commodities from last Diwali to 29th of October.

Y-O-Y DIWALI RETURNS FROM COMMODITIES				
Commodity	14th November, 2020	29th October, 2021	Change in Rs.	Change in %
BULLION				
GOLD	49748.00	47635.00	-2113.00	-4%
SILVER	60854.00	64534.00	3680.00	6%
ENERGY				
CRUDE OIL	3001.00	6264.00	3263.00	109%
NATURAL GAS	212.80	409.00	196.20	92%
BASE METALS				
ALUMINIUM	155.45	221.50	66.05	42%
COPPER	534.80	745.10	210.30	39.32%
LEAD	150.40	186.70	36.30	24%
NICKEL	1180.10	1520.50	340.40	29%
ZINC	209.85	287.00	77.15	37%

Source: Reuters & SMC Research



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Year of 2021 was a very strong market for commodity and equity markets. But the bullion counter has lagged as compare to energy and base metal counters as it's lose the safe haven appeal. Ultra lose money, vaccination drive, reopening of economy, talk of tapering and sooner than expected rate hike stimulated selling pressure. It ignored the concern of higher inflation and resurgence in covid cases. Crypto currencies stole the shine of this counter to some extent. ETF outflow is one of the major reasons for downside in gold amid euphoria in equity market. We should not forget that in 2020, it was ETF demand which gave terrific rise to the gold prices. However, some Central Banks accumulated physical gold and lower prices improved physical gold demand in last months of 2021. The gold lost its shine with around 4% negative return from last Diwali to 30th of October. However Silver maintained its shining with positive return.

Gold investor must keep in mind that the precious metal gives at least 9-10 per cent annual return if the investment is for the period of 9-10 years. So outlook for gold in the long term remains positive. One should start buying as the precious bullion metal is expected to reverse course after correction from last Diwali to till date. Gold investors may also look at other gold options like gold

ETF, gold bonds, etc. as it gives them some extra luxury like freedom from security, etc.

Since the beginning of October this year, the gold price has climbed more than 3%, with the silver price leading the way. However Gold is struggling to attract safe-haven demand as equity markets continue to move from record highs to record highs. But the combination of depressed sentiment, an improvement in the silver/gold ratio, and most miners trading at a discount to NAV suggests that the worst is behind us, and better days are ahead. Gold prices may continue to move higher as it is unlikely the Federal Reserve will be able to get the inflation under control anytime soon. Two U.S. Federal Reserve officials said recently that while the central bank should begin winding down its stimulus measures, it was too soon for interest rate hikes. U.S. Treasury Secretary Janet Yellen tried to reassure market participants that the U.S. is not about to lose control over inflation while noting that elevated price pressures will remain through mid-2022. so rising inflation expectations and softening growth expectations could support gold prices in the coming months. The near-term trend is still very much against the dollar which is supportive for gold prices. There's more risk aversion in the market and gold is benefiting from that, coupled with concerns about inflation and cooling of the global economy

TECHNICAL CORNER

Gold

Short Term Outlook

MCX Gold has been in a short-term downtrend with the formation of lower tops and lower bottom. The lower bottom at 43320 remains the key for bulls in the short term and prices may not break below it. On the downside, 200 days SMA is placed at 47122, and prices are likely to test these levels in short term considering the strength in the dollar against major currencies has just begun. On daily charts, it has taken the formation of the golden cross. Based on this formation we may see an upside move after some correction.

On MCX, prices are likely to find support around 45400. A short-term bounce can again be witnessed from supports which can take prices higher towards 49500 to Rs. 49800 range in next 1-3 months.



Long Term Outlook

MCX Gold prices are stuck in the wider range of 43500 and 48500. Although, the current formations suggest the prices could take resistance near 48500 from where a fall towards 45400 can again be witnessed. Based on the weekly chart, prices may witness a bounce after taking short-term correction. On the upside 49700 levels are the key for bears break and sustain above 49700 may change the short-term trend to bullish and take the rally towards 51800 to 52300.

Silver

Short Term Outlook

MCX Silver on daily chart structure looks weak as prices are facing resistance around 200 day SMA. Based on the formation it may take correction and move towards its support of 62500. From there we may see rebound if prices sustain above the 62500, and on upside it may face resistance near 66800. A scenario indicates that if prices break and sustain below 62500 then we may see further fall and which takes the rally towards its 61200.

On MCX, the upside for Silver may face resistance near 66800 and short term dips near 62500 can again be used as a buying opportunity from 1-3 months horizon.



Long Term Outlook

The downside will remain capped for MCX Silver at 58000. Considering the very long consolidation in prices at the bottom range suggests that it is trying to bottom out, although the journey for this bottoming out will take long to show strength in prices. Accumulation on dips is suggested in this commodity for long term gains. Major support based on weekly chart, holds at 58000 whereas on upside it may have room to move till 72000/74000.

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