

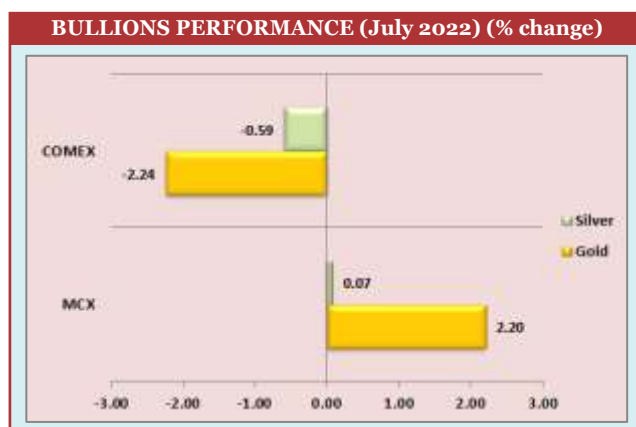
SPECIAL MONTHLY REPORT ON

# BULLIONS

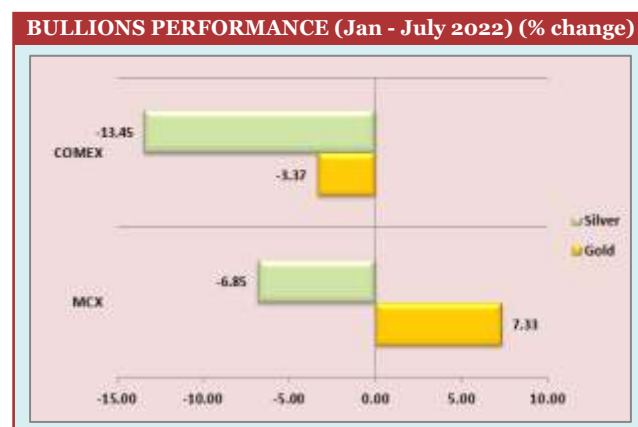
AUGUST 2022



Moneywise. Be wise.



Source: Reuters & SMC Research



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Gold prices registered its fourth consecutive monthly drop since January with almost 2.25% downside. Silver prices fell more than 0.5% in Comex. Gold has shed over \$300 since climbing past the \$2,000-per-ounce level in March, as the Fed embarked on a rapid rate hike path while the dollar also emerged as a preferred refuge amid growing recession risks. But gold prices got some respite, bouncing over 1%, from perception of a relatively less aggressive stance from Fed Chair Jerome Powell following an expected 75 basis-point hike. The U.S. economy unexpectedly contracted in the second quarter, raising risks of an economic slowdown, which lifted gold's safe-haven allure and helped bullion prices gain. Despite some day-to-day volatility, the dollar index hovered near its recent two-decade peak and posted further 1% gain in July after 6% rise in June quarter, making gold more expensive for overseas buyers. In India, 0.5% depreciation in INR provide support the gold prices and closed almost 2% higher on MCX. Silver also closed almost flat but in green territory. The silver prices could not get much needed support due to decline in base metal prices.

### Outlook

Looking ahead in Aug, gold & silver prices will continue to trade with high volatility on different reasons such as, sky-high inflation, potential recession, and other geopolitical and economic repercussions of the Russia-Ukraine war or higher yields and stronger dollars thanks to monetary tightening by the Fed. Also weighing on bullion prices were top central banks adopting an aggressive approach to interest rate hikes and monetary policy tightening in their attempt to combat inflation, along with a strong showing from U.S. Treasury yields earlier in July. However, the US Federal Reserve's tone towards rate hike changed from hawkish to mild- hawkish and weak US GDP data in the second successive quarter pulled down the dollar index. Gold and silver prices both may find a floor from which to recover in the expectation that a recession will cause the Fed to halt its rate-hike path. The most recent data from the government clearly defines the utter failure of the Federal Reserve's attempt to bring inflation to an acceptable level. Unquestionably, we most likely will see both gold and silver continue to run to higher pricing



Source: Reuters



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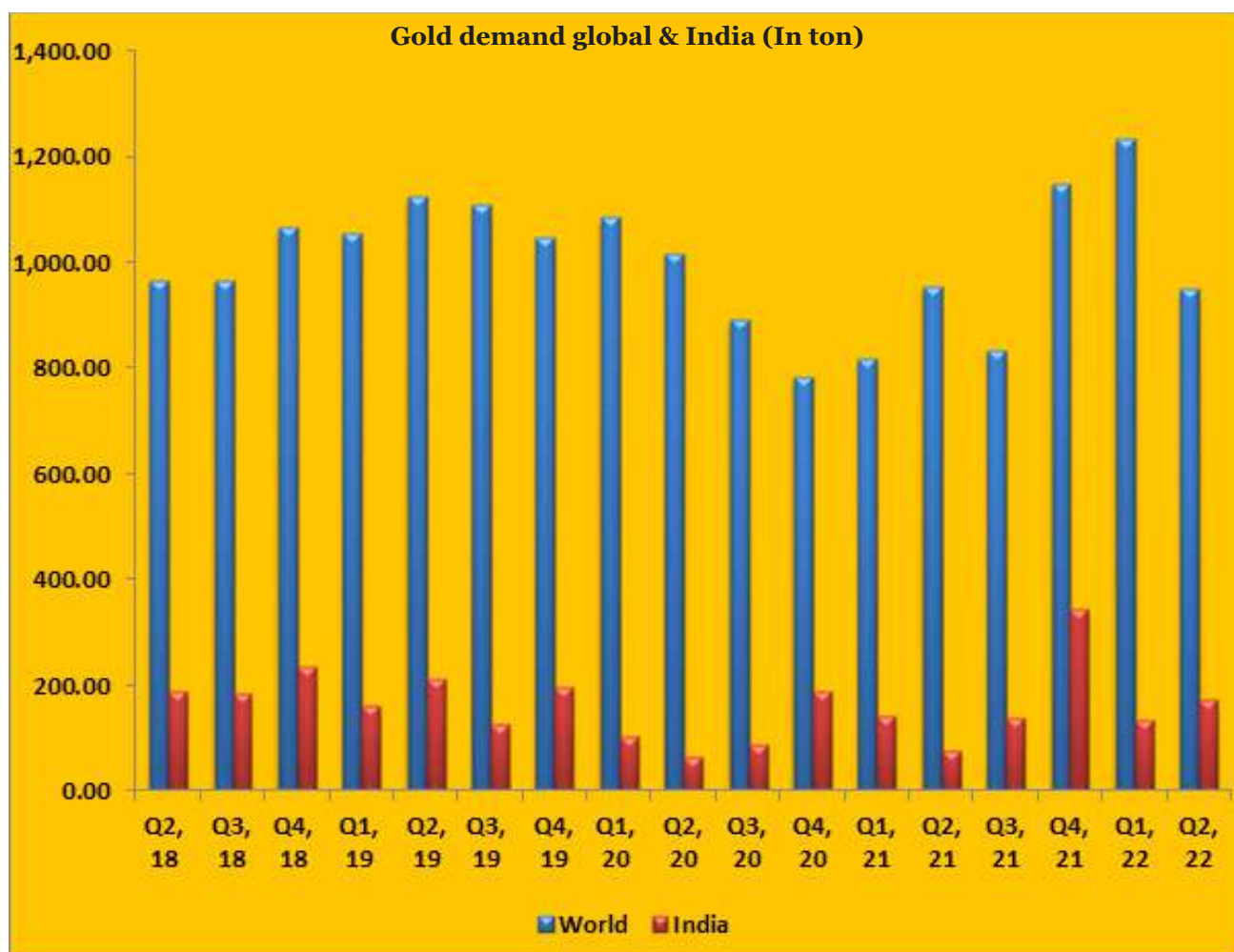
**In August, Gold may trade in range of 49000-52500 and Silver may also witness huge volatility and trade in the range of 56000-61500 levels. On COMEX, gold may trade in range of \$1730-\$1810 and Silver may trade in range of \$18.00-\$22.40.**

### Major News

- The continued uncertainty surrounding the Russia-Ukraine conflict is still a major bottleneck for supply chain that fuelling the inflation globally and pushing the world economy in to recession. Governments around the globe have imposed heavy sanctions against Moscow but have stopped short of direct intervention for fear of sparking a wider conflict.
- The market participants believe the Fed would focus on the US economy concerns and stop rate hikes in Q4CY22 and Q1CY23 and claw back the treasury yields. That would be the time for the bullion to rally, thanks to rising fund flow.
- Despite their dramatic attempt to reduce inflation, inflation is running rampant and continues to spiral out of control to higher levels. After the latest data showed Euro-zone inflation rose to at

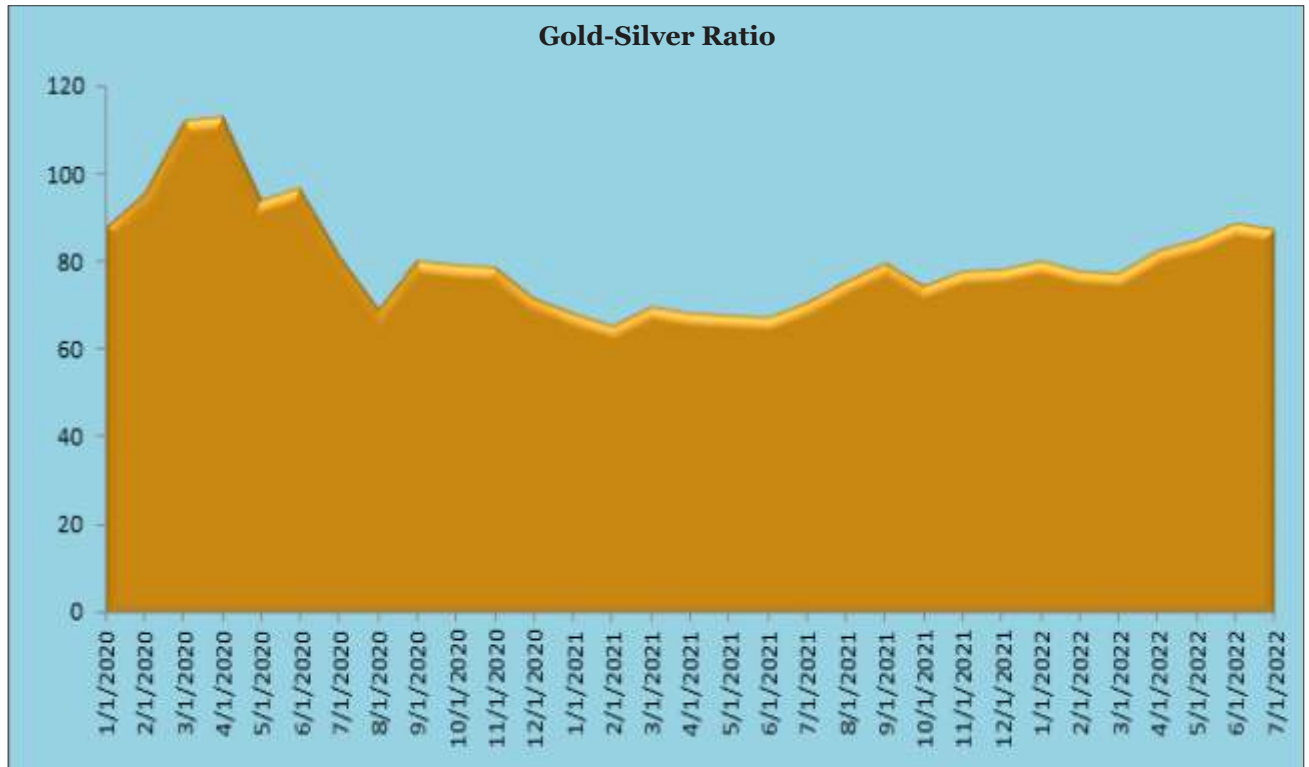
record 8.9% in July, highest since 1997. In the US, inflation rose to 9.1%, highest since November 1981. The gold market may see a bullish momentum as an inflation hedge while Central banks are sceptic about further monetary tightening, to combat the rising inflation as it leads the economy in to potential recession.

- Global gold demand down 8 per cent to 948 tonnes in the second quarter compared to the same period in 2021, the World Gold Council said. For the first half the year, demand was 2,189 tonnes, up 12 per cent compared to January-June 2021 thanks to a strong first quarter.
- But the demand for gold in India was up 43 per cent at 170.7 tonnes in the second quarter of 2022.
- The strong performance in India balanced a 29 per cent decline in China, where the market was dampened by coronavirus lockdowns that stalled economic activity and constrained consumer spending.
- Central banks continued to buy gold. Global official gold reserves grew by 180t in Q2, taking H1 net purchases to 270t.



Source: WGC

### Gold-Silver ratio on COMEX



Source: Reuters

**Analysis:** In July, gold-silver ratio declined from 91.8 to 87.5 as gold prices fell 4 times more than silver. Now the ratio may move in the range of 80-90 in August.

### SPDR Gold trust holding



Source: goldprice.org

**Analysis:** SPDR gold share may trade in the range of 158-170 in near term.

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