

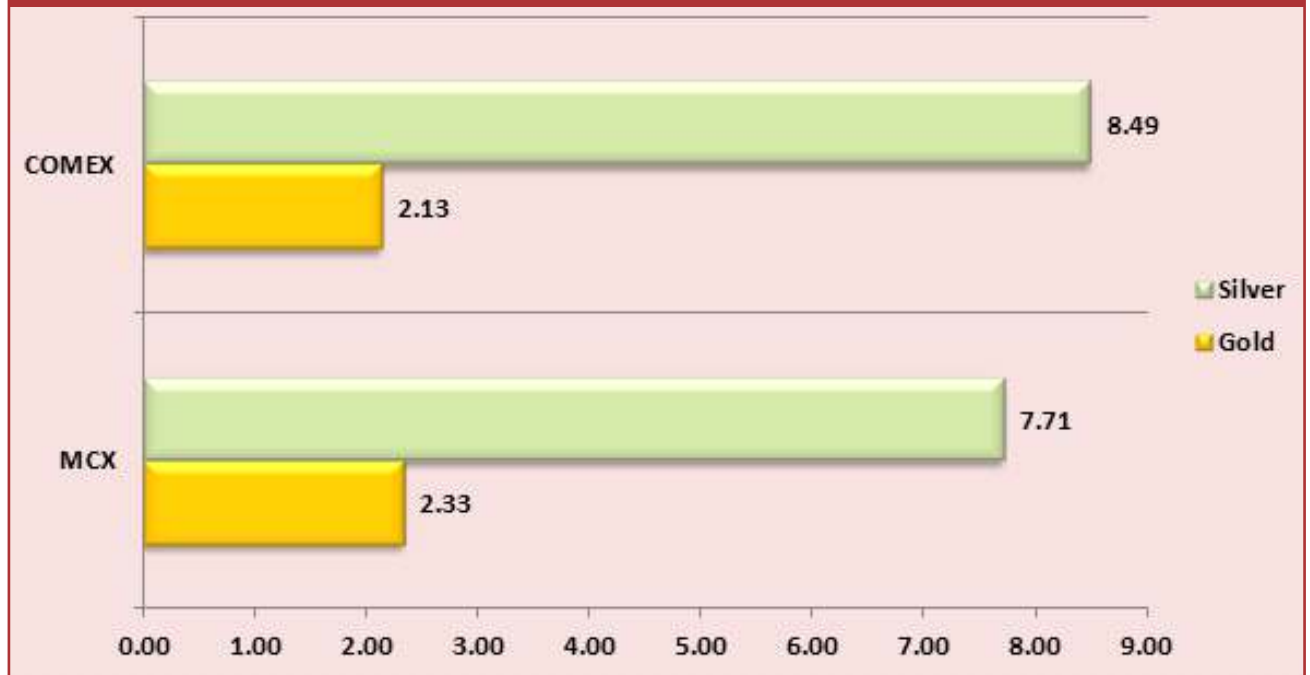
SPECIAL MONTHLY REPORT ON

BULLIONS

AUGUST 2023



BULLIONS PERFORMANCE (July 2023) (% change)



Source: Reuters & SMC Research

BULLIONS PERFORMANCE (January - July 2023) (% change)



Source: Reuters & SMC Research

In July, gold prices registered their best monthly gain in four, helped by a weaker dollar and expectations that major global central banks are nearing a peak with interest rate hikes. The dollar index, meanwhile, posted its second straight monthly decline, making gold more attractive for other currency holders. Recent data showing signs of cooling inflation in the United States has raised expectations that the Federal Reserve was closer to ending its fastest rate hiking cycle since the 1980s. The Fed raised rates by a quarter of a percentage point in last week of July month and Chair Jerome Powell said inflation was yet to “credibly” return to its 2% target. Two European Central Bank policymakers on Friday raised the prospect of an end to the ECB’s steepest and longest string of interest rate rises, as the outlook for the euro zone economy worsened despite stubbornly high inflation.

Persistent economic uncertainty created robust physical demand for gold supporting prices at record levels during the second quarter, according to the latest research from the World Gold Council.

Outlook

- Looking ahead in August, gold & silver prices will continue to trade with high volatility. Market dynamics will be favourable for gold in the near term. Due to better economic data, the fear of economic recession has reduced, due to which investors are attracted to the US Dollar Index. However, major central banks' continued tightening stance on monetary policy could hurt the global economy, which could support precious metals in the near term.
- Both gold and silver will be benefitted from growing perceptions that the Federal Reserve may end its tightening cycle. After raising interest rates by 25 basis points last week, Fed Chair Jerome Powell said that the central bank is keeping its options open and will be heavily data-dependent ahead of September's decision.
- Along with shifting U.S. monetary policy, analysts note that robust economic activity is also supporting silver prices. Silver's industrial demand continues to be driven by the global green energy transition.
- According to the CME FedWatch Tool, markets see a 79.5% chance that interest rates will remain unchanged in September.
- "Global gold jewelry consumption in Q2 of 476t was 3% higher y/y as strength in China outweighed weakness in India," the WGC said. "In the context of the very high gold price environment, jewelry demand has been remarkably resilient so far this year. Prospects for the sector for the rest of the year are muted, given that prices have remained well supported and consumers across much of the globe face a deteriorating economic picture."



Source: Reuters



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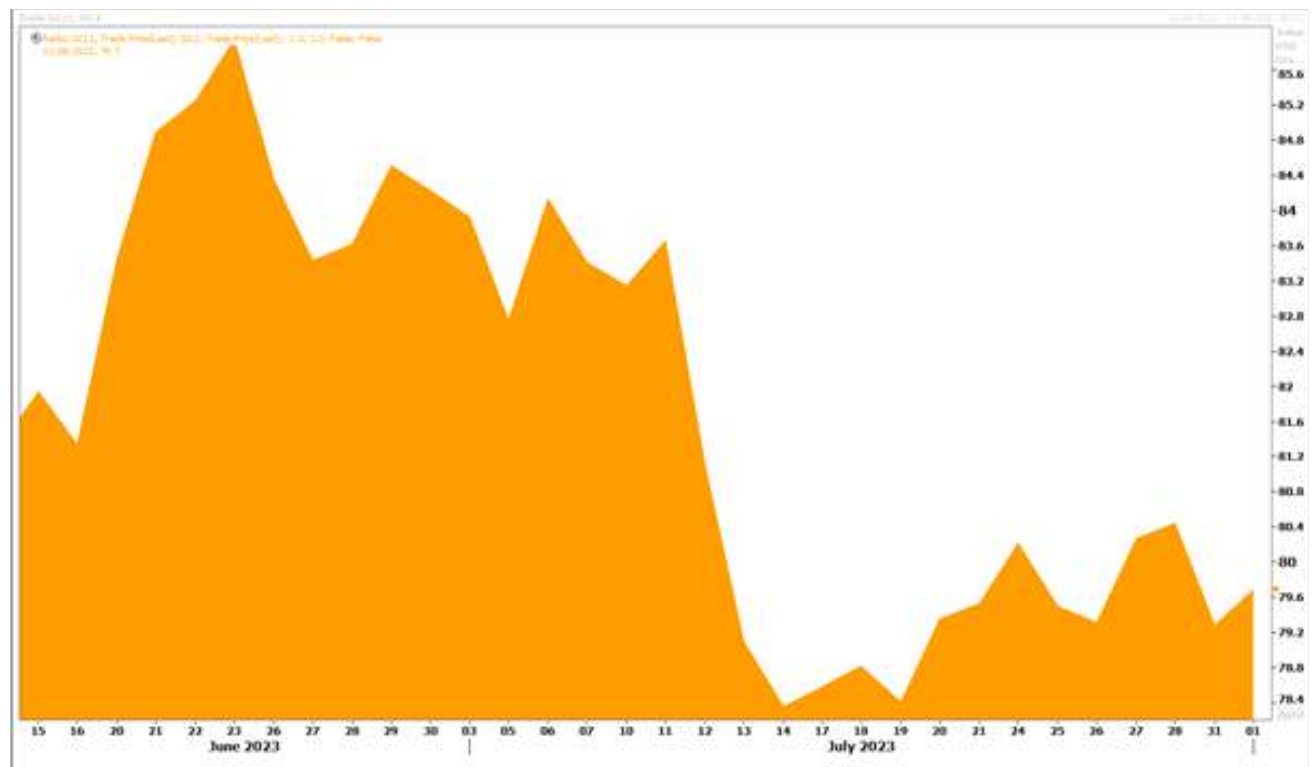
Source: Reuters



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In August, gold prices may continue to witness bullish movement and possible range would be 57600-62000. On the other hand, Silver may trade in the range of 70400-78300.

Gold-Silver Ratio on COMEX



Source: Reuters

Analysis: In July, the gold-silver ratio has slipped from 84 to below 79 as Silver perform more than gold. Now in August the ratio may move in the range of 74-83.

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