

TECHNO FUNDA REPORT ON

August 17, 2015

GOLD

Yellow metal can witness recovery



Moneywise. Be wise.

DAILY CHART OF MCX GOLD (OCT)



Source: Reuters

Recommendation

Investors can take fundamental Buy position in Gold (OCT) at current prices for the target of 26900 and stop loss of closing below 25400.

Note:

- These long term fundamental calls are for duration of three to four weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

COMEX DAILY CHART OF GOLD



Source: Reuters

Bullish factors

Decline in Greenback

Dollar index can dip towards 95 levels and any decline in greenback is bullish for gold.

Safe haven buying amid China Yuan devaluation and falling stock markets

Concerns persisted over a weaker yuan after China devalued its currency with the uncertainty likely to increase bullion's safe-haven appeal. The weaker yuan could still prompt the U.S. Federal Reserve not to raise interest rates as soon as next month, as many had expected previously, despite continued signals of a strengthening U.S. economy. China's currency devaluation is helping gold shine in the midst of a collapse in commodities and a pullback in stocks. Last week the Chinese government has allowed its currency, the yuan, to decline in value by about 4 percent against the US dollar. The move has renewed a long-simmering debate about China's exchange rate and whether a cheap yuan will be harmful to the US economy. In the wake of the 2008 financial crisis, critics faulted the Chinese government for intervening in the market to make its currency artificially cheap. A cheap yuan gave Chinese exporters an advantage in world markets, which critics said was harming US businesses.

SPDR Gold holdings

Short covering in the SPDR gold ETF was seen recently where there were purchases of 4.173 tonnes of gold.

Surge in Gold Coin Sales – U.S. Mint

United States Mint gold sales climbed higher recently. Gold coins moved up 13,500 ounces after last week's 6,000 ounces. Sales splits include 10,500 ounces in American Gold Eagles compared to 5,000 previously and 3,000 ounces in American Gold Buffalo coins compared to 1,000 ounces previously.

India Gold demand to increase in second half of 2015 -WGC

India's gold demand in the second half of 2015 could rise by more than a quarter from a year before as lower prices encourage buying during the peak festival season towards the year-end, the World Gold Council (WGC). Demand for gold jewellery is usually robust in the final quarter as the country celebrates festivals such as Diwali and Dussehra, when buying the metal is considered auspicious. Rural demand for gold accounts for nearly two-thirds of India's total.

Gold silver ratio



Analysis: Gold silver ratio may again head higher towards 75 levels from 73.4 levels as gold can outperform silver in near term.

Sandeep Joon
Boardline : 011-30111000 Extn: 683

Sr. Research Analyst (Metals & Energy)
sandeepjoon@smcindiaonline.com

SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public offering of its equity shares and has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") and the Stock Exchanges. The Draft Red Herring Prospectus is available on the website of SEBI at www.sebi.gov.in and on the websites of the Book Running Lead Manager i.e., ICICI Securities Limited at www.icicisecurities.com and the Co- Book Running Lead Manager i.e., Elara Capital (India) Private Limited at www.elaracapital.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please see the section titled "Risk Factors" of the aforementioned offer document.

Disclaimer:

This report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to you. It is only for private circulation and use. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of the report. The report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC.

The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions.

Please note that we and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material; (a) from time to time, may have long or short positions in, and buy or sell the commodities thereof, mentioned here in or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodities discussed herein (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High Court.