

**SPECIAL MONTHLY
REPORT ON**

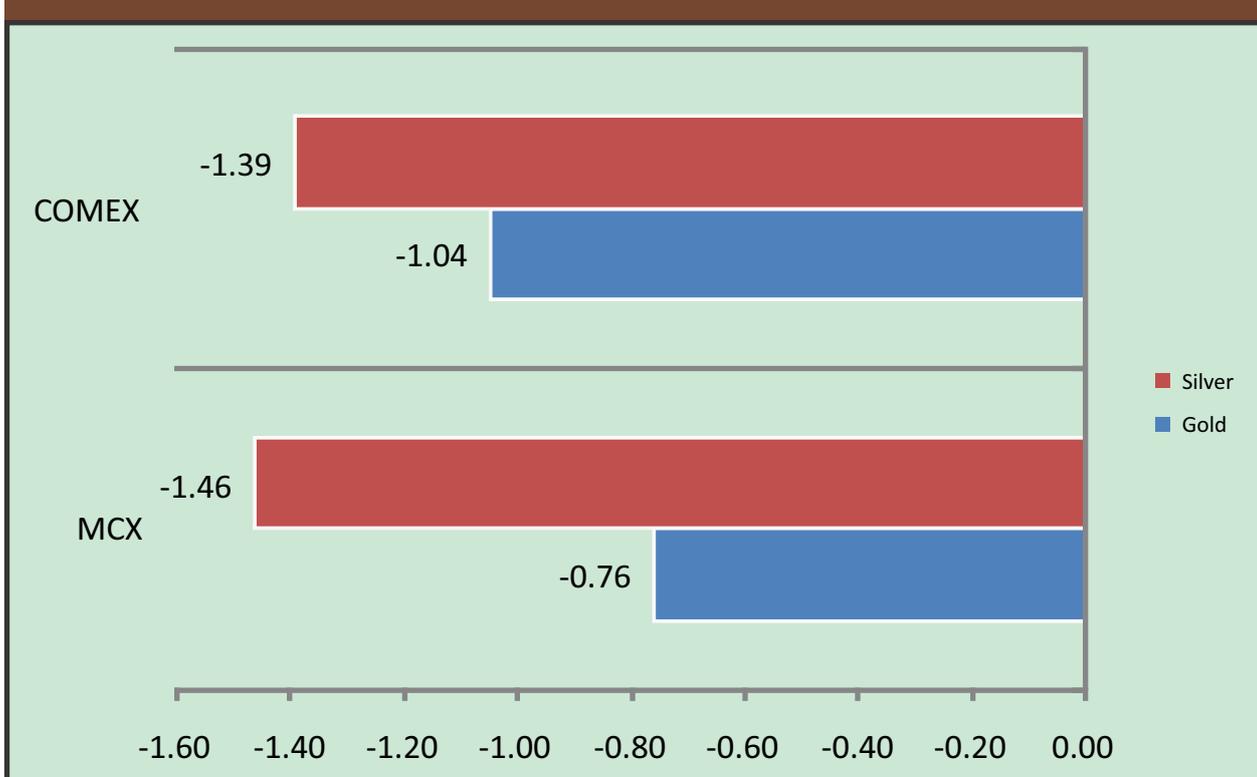
BULLIONS

MAY 2019

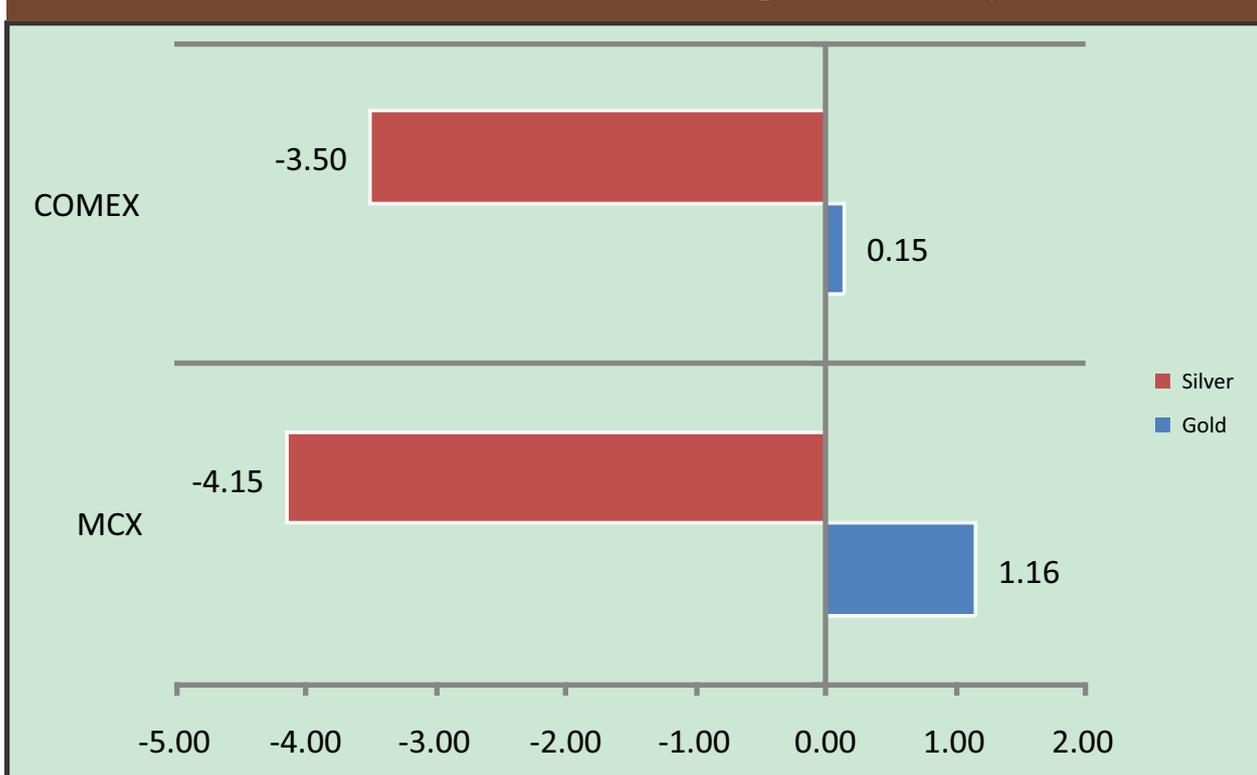


Moneywise. Be wise.

BULLIONS PERFORMANCE (April 2019) (% change)



BULLIONS PERFORMANCE (January - April 2019) (% change)



BULLIONS

BULLIONS

Overview

In the month of April, bullion counter continued its downside journey amid stronger greenback and buoyant stock markets. Gold is trading near 4-months low as China fuels risk sentiments and investors pull their money from safe heaven and park in riskier assets. Overall gold traded in range of 31402-32430 in MCX and \$1265.90-1311 in COMEX. Silver traded in range of \$14.77-15.40 in COMEX and 36830-38150 in MCX. Better than expected economic growth reading from China. Chinese data showed that in Q1 the pace of economic growth remained steady at 6.4%, beating expectations for a 6.3% expansion. There were also signs of progress between U.S. & Sino trade negotiations and strong U.S. economic data readings have further strengthen risk appetites since the start of the Q2. In the U.S., trade deficit fell to an eight-month low in February as imports from China plunged, boosting the country's economic growth in the first quarter. The two counties have set a tentative timeline for the next round of trade talks and aim to conclude negotiations by early June. Among a string of positive economic indications were data from both United States and China that tempered concerns about global growth and took the sheen off safe-haven bullion.

Outlook

Bullion counter can remain on sideways to weaker path. Japan's industrial output fell 0.9 percent in March from the previous month, down for the first time in two months. Continuing jobless claims, the number of people already receiving benefits and reported with a one-week delay, increased by 1,000 to a seasonally adjusted 1,655,000 during the week ending April 13. At present bullions counter is moving in tandem with dollar index as it hovered near a 22-month high against its peers, after strong U.S. housing data further eased concerns of a slowdown in the world's biggest economy. Meanwhile North Korean leader Kim Jong Un stated during his summit with Russian President Vladimir Putin peace and security on the Korean peninsula depend entirely on the future U.S. attitude. SPDR Gold Trust, the world's largest

gold-backed exchange-traded fund, holdings stood at 747.87 tonnes. Russia raised its gold holdings by 19.4 tonnes in March, data from the International Monetary Fund showed recently. According to data from the International Monetary Fund, so far this year India's central bank bought 8.2 tonnes of gold; this comes after the RBI added a total of 42.3 tonnes of gold in 2018. Newmont Goldcorp, the world's biggest gold miner, reported a higher-than-expected first-quarter profit, as a boost in gold production and lower costs countered lagging gold prices.

Gold can test the downside levels of 30700 while facing resistance near 32600. Silver can test the lower level of 35000 while facing resistance near 39000.

Key News

Gold has also protected investors against extreme inflation. In years when inflation has been higher than 3% gold's price has increased by 15% on average

Concerns over global growth pushed equity prices lower while helping to boost gold prices recently. According to

Gold has historically rallied in periods of high inflation
Gold returns in US dollars as a function of annual inflation*

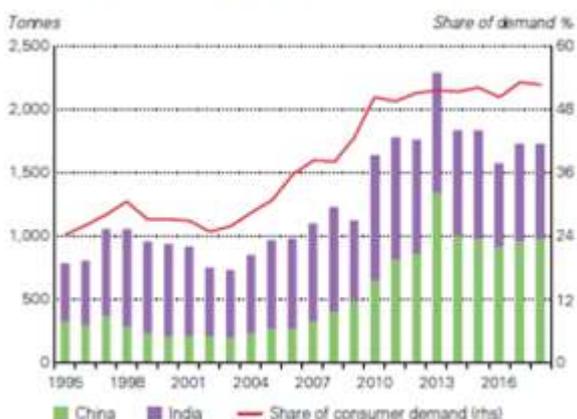


the latest economic data, China's economy grew by "only" 6.6% in 2018, which was the slowest pace since 1990. The slowdown evident in China's growth rate gave gold investors a reason to continue holding bullion based on safety-related factors.

It should be noted, however, that China's fourth-quarter

GDP matched economists' expectations and didn't surprise on the downside.

India and China have doubled their gold market share in less than two decades
Consumer demand and market share in India and China*



*Consumer demand is defined as the sum of jewellery, bar and coin demand.
Source: GFMS, Thomson Reuters; Metals Focus; World Gold Council

Four trends have reshaped gold demand

Gold-backed ETFs have introduced new investors to gold across the world
Annual ETF gold demand and cumulative holdings*

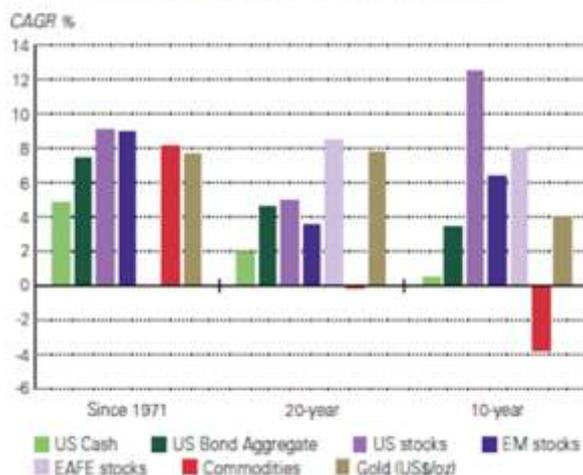


*Includes gold-backed ETFs and similar products. For more details, visit the gold-backed ETF holdings and flows section at Goldhub.com.
Source: Bloomberg; ETF regulatory fund filings; World Gold Council

Emerging markets:

The economic development experienced for almost two decades within emerging markets – especially China and India – has increased and diversified gold's consumer and investor base.

Gold's compounded returns compare favourably to many asset classes including stocks
Compounded annual growth rate for major asset classes*

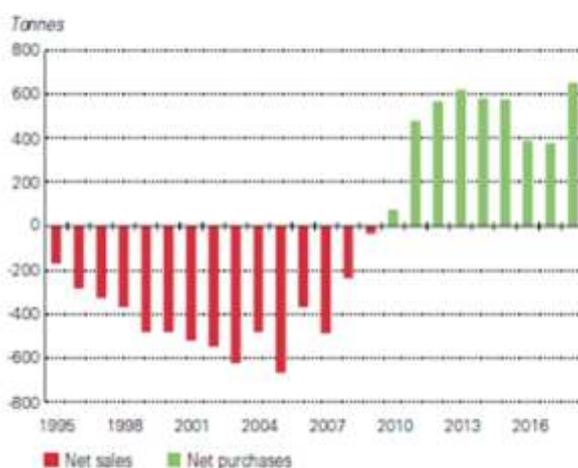


Gold-backed ETFs:

The advent of exchange-traded products reduced total cost of ownership, increased efficiencies, provided liquidity and access, and brought new interest in – and demand for – gold as a strategic investment

The 2008–2009 financial crisis:

Central banks have been a steady net source of demand since 2010, led by emerging markets
Net global central bank gold demand



Source: GFMS, Thomson Reuters; Metals Focus; World Gold Council

Gold has benefitted from a change in investor attitude towards risk and risk management following the Great Recession – new markets have appeared and old markets resurfaced, lifting demand.

Central banks:

The expansion of foreign reserves, led by emerging markets, has resulted in net gold demand from central banks as a source of return, liquidity and diversification.

Rise in festival demand in India assists in premium

Gold is an essential part of weddings in India and is a popular gift during festivals. Retail demand is good due to weddings. Even after a recent price rise, buyers are making purchases. In India, dealers charged a premium of up to \$2 an ounce over official domestic prices, down from premium of \$2.50, the highest in nearly five months witnessed during third week of April. The domestic price includes a 10 percent import tax and 3 percent sales tax.

Worldwide Major Central Banks are Accumulating Their Gold Holdings

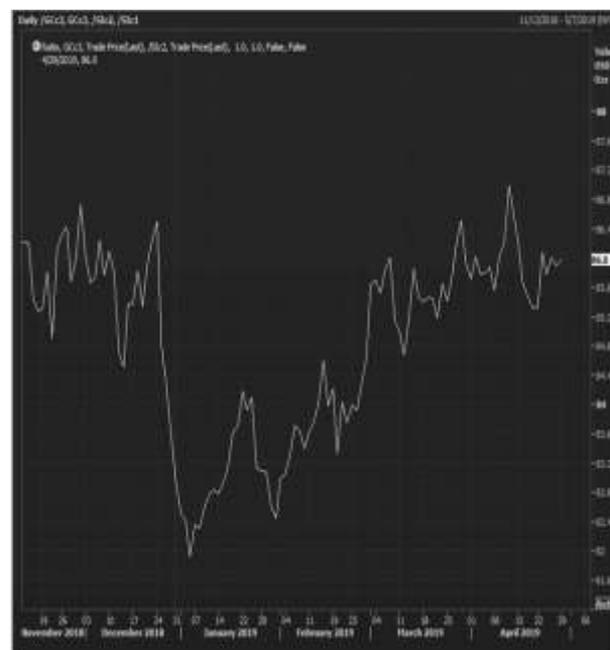
India’s central bank is likely to join counterparts in Russia and China scooping up gold this year, adding to its record holdings and lending support to worldwide bullion demand as top economies diversify their reserves. The Reserve Bank of India’s purchases is part of a wider picture across developing economies that are looking at de-dollarizing their foreign-exchange reserves. The RBI increased its stash by about 42 tons last year, and after adding more in January and February, the country’s gold reserves now stand at a record high of almost 609 tons, according to data from the International Monetary Fund. Russia bought 274 tons in 2018 and has added more this year, while China’s central bank is on a renewed buying spree that began in December. Heightened geopolitical and economic uncertainty pushed central banks to diversify their reserves and focus on investing in safe and liquid assets, with governments worldwide adding 651.5 tons of bullion last year -- the second-highest total of purchases on record, according to the World Gold Council.

Outcome of latest Fed meeting

The Federal Reserve announced May 1 that it is holding the benchmark interest rate steady at a target range of

2.25% to 2.5%, noting that inflation is “running below” its stated target of 2%. The Fed’s decision not to change rates affirmed the March meeting’s economic projections signaling no rate changes for the rest of 2019. In that meeting, the Fed said low measures of inflation, concern over global growth, and tightening financial conditions warranted pausing on interest rate hikes while policymakers reassess the data. The central bank’s statement walked back its March view that the economy had “slowed” from the end of last 2018, noting that recent developments show that economic activity “rose at a solid rate.”

Gold Silver ratio



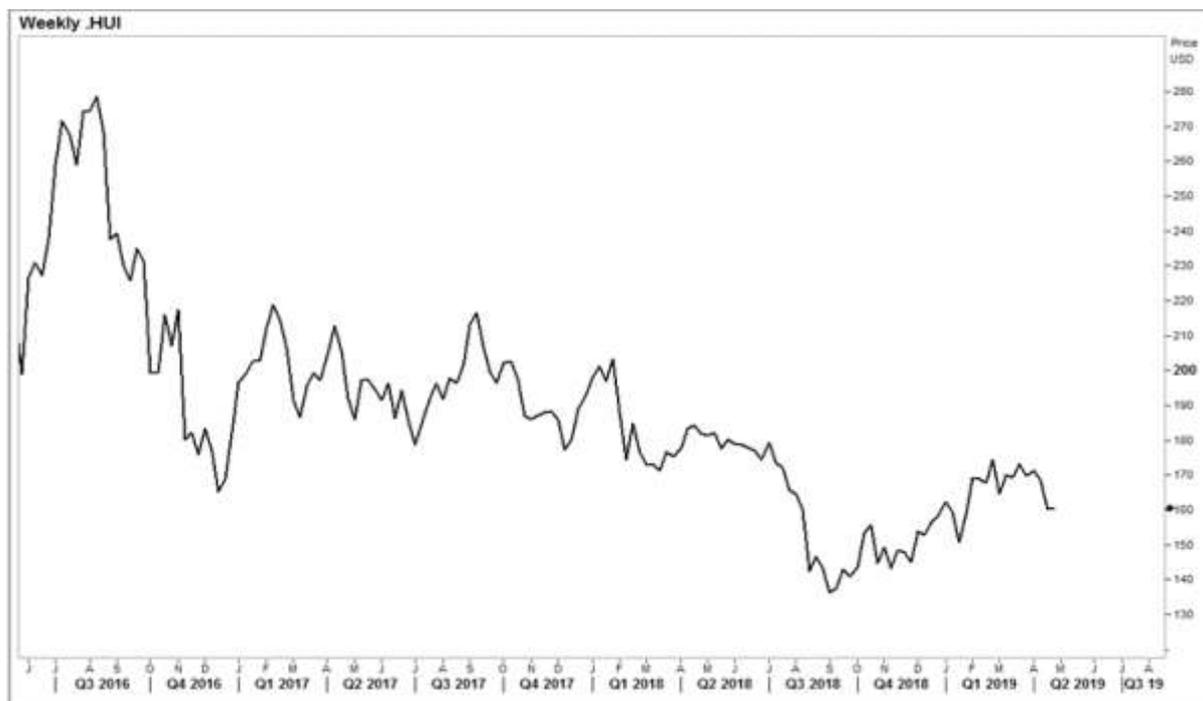
Source: Reuters and SMC research

Analysis:

Gold silver ratio narrowed from 86.8 to below 85.4 in the month of April. This ratio can move in range of 84.5 -87.2 in the month of May 2019.

SPDR Gold trust ETF (SPDR Gold shares)

Analysis: SPDR Gold Shares is one of the top ten largest holders of gold in the world. GLD is the largest ETF to invest directly in physical gold and has an extremely close relationship with spot prices at LBMA. SPDR Gold share ETF can move in range of \$150-180 in near term.



Source: Reuters and SMC research

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