

Daily Bullion Physical Market Report

Date: 17th May 2024

Daily India Spot Market Rates

Description	Purity	AM	PM
Gold	999	73476	73438
Gold	995	73182	73144
Gold	916	67304	67269
Gold	750	55107	55079
Gold	585	42984	42961
Silver	999	85700	86230

Rate as exclusive of GST as of 16th May 2024 Gold is Rs/10 Gm & Silver in Rs/Kg

Gold and Silver 999 Watch

Date	GOLD*	SILVER*
16 th May 2024	73438	86230
15 th May 2024	72335	84080
14 th May 2024	72335	84080
13 th May 2024	72164	83494

The above rates are IBJA PM Rates; *Rates are exclusive of GST

COMEX Futures Watch

Description	Contract	Close	Change	%Chg
Gold(\$/oz)	JUNE 24	2385.50	-9.40	-0.39
Silver(\$/oz)	JULY 24	29.88	0.15	0.49

ETF Holdings as on Previous Close

ETFs	In Tonnes	Net Change
SPDR Gold	833.36	1.44
iShares Silver	13,073.06	0.00

Gold and Silver Fix

Description	LTP
Gold London AM Fix(\$/oz)	2383.65
Gold London PM Fix(\$/oz)	2377.40
Silver London Fix(\$/oz)	29.67

Bullion Futures DGCX

Description	Contract	LTP
Gold(\$/oz)	JUNE 24	2384
Gold Quanto	JUNE 24	73000
Silver(\$/oz)	MAY 24	29.86

Gold Ratio

Description	LTP
Gold Silver Ratio	79.85
Gold Crude Ratio	30.11

Weekly CFTC Positions

	Long	Short	Net
Gold(\$/oz)	189194	26062	163132
Silver	55228	20314	34914

MCX Indices

Index	Close	Net Change	% Chg
MCX iCOMDEX Bullion	18642.73	2.55	0.01 %

Macro-Economic Indicators

Time	Country	Event	Forecast	Previous	Impact
17 th May 07:30 PM	United States	CB Leading Index m/m	-0.3%	-0.3%	Low
17 th May 07:45 PM	United States	FOMC Member Waller Speaks	-	-	Medium
17 th May 09:45 PM	United States	FOMC Member Daly Speaks	-	-	Low

Nirmal Bang Securities - Daily Bullion News and Summary

❖ Gold wavered Thursday as traders digest slowing US inflation data that raises the possibility that the Federal Reserve will cut interest rates as soon as September. Bullion swung between gains and losses following Wednesday's 1.2% gain after economic data showed that a measure of underlying US inflation cooled in April for the first time in six months. The dollar and Treasury yields rebounded since the data release, which makes the precious metal less appealing since it doesn't pay interest. Swaps markets are pricing in a 56% chance the Fed will pivot by September, compared with 30% at the end of April. Gold has traded in a fairly narrow range over the last few weeks, following a blistering rally that saw it reach a record in mid-April. Prices are up more than 15% this year, with gains underpinned by central bank buying, heightened geopolitical risks and Chinese consumer demand.

❖ Gold's record-setting rally may have captured the headlines this year, but it's silver that's running harder and faster as the less glamorous metal benefits from robust financial and industrial demand. Silver has soared by almost a quarter in 2024, outpacing gold and making it one of the year's best-performing major commodities. Yet in relative terms, silver is still cheap. It currently takes about 80 ounces of silver to buy 1 ounce of gold, compared with the 20-year average of 68. The two metals move largely in tandem as both offers similar macro- and currency-hedging properties. With gold hitting a record on central-bank buying, retail interest in China, and resurgence in bets lower US interest rates are on the way, silver's gone along for the ride. Although there's been scant interest from investors in silver-backed exchange-traded funds, physical sales have picked up, including at Singapore-based dealer Silver Bullion Pte. "Even clients who are interested in buying gold are starting to say 'well, maybe I'll buy silver first, and wait for the ratio to sort of rebalance'," said founder Gregor Gregersen. Between April 1 and 25, the outlet sold 74 ounces of physical silver for each ounce of gold, compared with an average of 44 in 2023. The white metal has already been making headway against its dearer cousin, in relative terms. Back in January, the gold-silver ratio was above 90, the most stretched since September 2022. Citigroup Inc. reckons that if the Federal Reserve proceeds with interest-rate cuts and economic growth stay strong in the second half, the ratio could move to around 70, although it cautioned that a slowdown would push it the other way, according to a note. Silver has a dual character, valued both for its uses as a financial asset and an industrial input, including clean-energy technologies. The metal is a key ingredient in solar panels and with robust growth in that industry, usage of the metal is expected to reach a record this year, according to the Silver Institute. Against that backdrop, the market is headed for a fourth year in deficit, with this year's shortage seen as the second biggest on record. That's led industrial users - which typically rely on miners for supply - to seek ounces by draining the world's major inventories, according to Silver Bullion's Gregersen. Stockpiles tracked by the London Bullion Market Association fell to the second-lowest level on record in April, while the volumes at exchanges in New York and Shanghai are near seasonal lows.

❖ Zimbabwe plans to extend a crackdown that's targeting street currency traders to companies to ensure goods and services are priced using only the official exchange rate of the new ZiG currency. "What should be done is enforcement along the value chain, manufacturer, wholesaler up to retailer," Finance Minister Mthuli Ncube told lawmakers in the capital, Harare, according to a transcript posted on the parliament's website on Thursday. "I have actually instructed the financial intelligence unit to begin doing that." The announcement is the latest attempt to ensure the ZiG gains traction and doesn't get sidelined in favor of the US dollar, as has been the case in six previous attempts to create a functioning national currency over the past 15 years. Dollars are used for over 80% of transactions in the economy. Short for Zimbabwe Gold, the ZiG came into effect on April 5, replacing the Zimbabwean dollar, which had plummeted 80% against the greenback this year before it was abandoned. The new unit is backed by 2.5 tons of gold and \$100 million in foreign exchange reserves held at the central bank. The bank's financial intelligence unit and police are also targeting street dealers who have been accused of currency speculation. More than 200 have been arrested and 90 bank accounts that are suspected to have been used for illicit transactions have been frozen. To evade arrest, street currency traders have switched to Meta Platforms Inc.'s WhatsApp platform and only transact with known clients. Keeping the ZiG stable is important to building confidence in the unit, both as a medium of transaction and a store of value, and "speculation is unjustified," Ncube said. Since it started trading more than a month ago, the ZiG, has been relatively stable. It traded at 13.40 to the dollar on Thursday, the same as the day before. The government also plans to increase the adoption of the new currency by legislating that it be used to pay some taxes and fees, he said. "We are working on that and we will be announcing as to which taxes will be paid only and solely in ZiG currency."

❖ Several Federal Reserve officials said the central bank should keep borrowing costs high for longer as policymakers await more evidence inflation is easing, suggesting they're not in a rush to cut interest rates. Cleveland Fed President Loretta Mester, New York Fed President John Williams and Richmond Fed President Thomas Barkin, speaking separately Thursday, argued it may take longer for inflation to reach their 2% target. "Incoming economic information indicates that it will take longer to gain that confidence," Mester said Thursday during an event in Wooster, Ohio. "Holding our restrictive stance for longer is prudent at this point as we gain clarity about the path of inflation." The Cleveland Fed chief said she expects price growth to cool at a slower pace than last year now that there is less downward pressure from improving supply chains. Mester, who votes on policy decisions this year, is stepping down at the end of June when her term expires. She said policy was well positioned and it was too soon to say progress on inflation had stalled, reiterating comments she made earlier this week. Williams made similar comments in a Reuter's interview published Thursday, saying he doesn't see a reason for adjusting monetary policy now. "I don't expect to cool that greater confidence that we need to see on the inflation progress towards a 2% goal in the very near term," he said. Barkin, speaking Thursday on CNBC, said demand needs to get further to get price growth to the Fed's goal, noting goods inflation has come down significantly as supply chains have healed. "To get to 2% sustainably in the right kind of way, I just think it's going to take a little bit more time," said Barkin, who also votes on policy decisions this year. Data released Wednesday showed a measure of underlying US inflation ebbed in April for the first time in six months, providing some progress in the direction Fed officials would like to see before reducing rates. The core consumer price index, which excludes food and energy costs, rose 0.3% from March after three months of greater-than-expected readings, Bureau of Labor Statistics figures showed. Atlanta Fed President Raphael Bostic, who also spoke Thursday, said he was grateful for the cooling seen in the latest report. He noted, however, that he will be watching the May and June data to make sure the figures don't turn back the other way. Should the outlook evolve as he expects — slowly moderating inflation and continued economic momentum — Bostic said, "it could be appropriate for us to reduce rates toward the end of the year." Mester said the report offered a "welcome tick down" in monthly inflation, but she and other central bankers have said they want to see more data to be confident inflation is headed to the Fed's 2% goal. Fed Chair Jerome Powell said Tuesday that officials will "need to be patient and let restrictive policy do its work."

Fundamental Outlook: Gold and silver prices are trading slightly lower today on the international bourses. We expect gold and silver prices to trade ranger-bound to slightly higher for the day, as gold prices held Thursday's loss, with traders reconsidering the future path for interest rates after Federal Reserve officials reiterated that US inflation needs to ebb further to warrant lower borrowing costs.

Key Market Levels for the Day

Time	Month	S3	S2	S1	R1	R2	R3
Gold – COMEX	June	2325	2350	2385	2400	2420	2450
Silver – COMEX	May	29.30	29.55	29.80	30.00	30.25	30.50
Gold – MCX	June	72350	72600	72800	73100	73300	73550
Silver – MCX	May	85600	86200	87000	87700	88200	88800

Nirmal Bang Securities - Daily Currency Market Update

Dollar Index

LTP/Close	Change	% Change
104.46	0.12	0.11

Bond Yield

10 YR Bonds	LTP	Change
United States	4.3750	0.0350
Europe	2.4590	0.0370
Japan	0.9270	-0.0290
India	7.0760	-0.0060

Emerging Market Currency

Currency	LTP	Change
Brazil Real	5.1296	-0.007
South Korea Won	1345.1	-24.0500
Russia Rubble	90.8647	-0.324
Chinese Yuan	7.2214	0.0024
Vietnam Dong	25450	-4
Mexican Peso	16.6889	0.0025

NSE Currency Market Watch

Currency	LTP	Change
NDF	83.56	0.02
USDINR	83.5275	-0.015
JPYINR	53.96	0.3775
GBPINR	105.775	0.575
EURINR	90.785	0.4325
USDJPY	154.61	-0.73
GBPUSD	1.266	0.0034
EURUSD	1.0868	0.0055

Market Summary and News

❖ Indian bonds gave up some intraday gains after authorities bought back only a fraction of bonds than they offered to repurchase. India buys back 20.7b rupees of bonds as against 600b rupee plan on Thursday: RBI statement. NOTE: India bought back INR105.1b of bonds as against INR400b plan on May 9. 10-year yields fall 1bps to 7.08%; was down 3bps earlier. 5-year yields down 2bps to 7.08%. USD/INR little changed at 83.4975. The balance of payments surplus is expected to be higher in FY25, led by a pick-up in capital inflows with India's inclusion into JPMorgan EM Bond Index, which will support FPI inflows into debt, Gaura Sen Gupta, economist at IDFC FIRST writes in note. The index inclusion begins in June and majority of the inflows come in 2HFY25; FDI and external borrowing inflows are expected to pick up once the Fed rate cut cycle starts. INR is expected to appreciate against the dollar in 2HFY25, with Fed rate cut cycle expected to start from September and pick-up in capital inflows; RBI intervention will focus on limiting USDINR volatility (on both sides); USD/INR 2HFY25 trading range is expected to be 83 to 82.

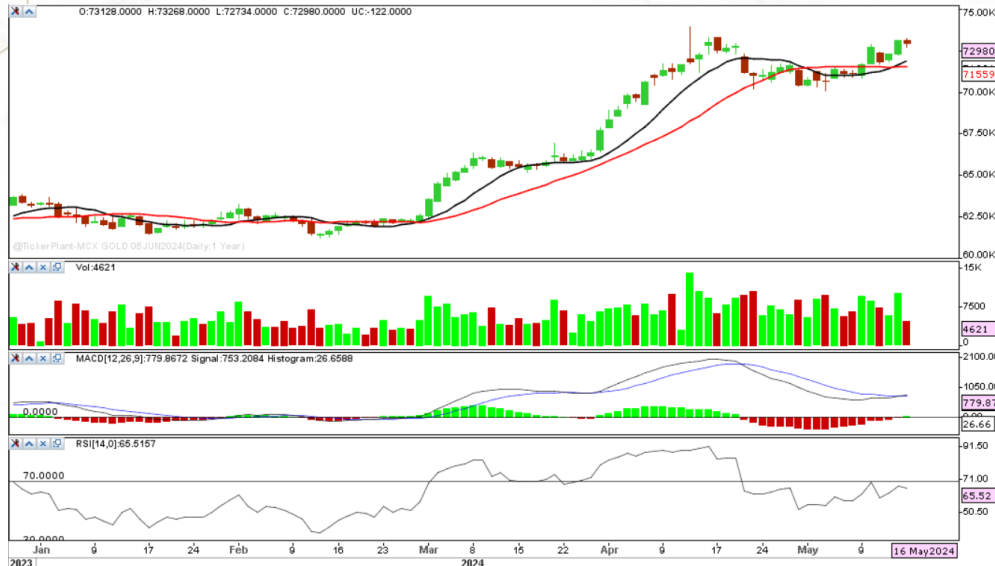
❖ The dollar rebounded from a one-month low as Treasury yields firmed following comments from the Fed about keeping rates steady until inflation recedes. The Bloomberg Dollar Spot Index is up 0.1% after falling 0.3% earlier to a one-month low; the greenback was supported by profit taking on short positions, according to traders. Yields on 10-year US Treasury bond rose four basis points to 4.38%. Federal Reserve Bank of Richmond President Thomas Barkin said the US central bank needs to keep borrowing costs elevated for longer to lower inflation to its 2% target, citing higher prices in the services sector. Federal Reserve Bank of New York President John Williams said the latest US inflation data confirm price pressures are gradually easing but the Fed still needs more evidence to adjust interest rates. Federal Reserve Bank of Cleveland President Loretta Mester said policymakers need more data to be confident inflation is on a path to the central bank's 2% target, and suggested officials should keep interest rates elevated for longer to make it happen. Jobless claims came in near the forecast and building permits fell for a second month in April; import prices in April posted the largest monthly increase in two years. The greenback is higher against nearly all its G-10 peers, partly driven by corporate flows. The offshore yuan weakens after Chinese President Xi Jinping and Russian leader Vladimir Putin pledge cooperation against US "containment" and as the IMF responds to the US tariffs on China. Implied mostly ease as risk reversals move contra to greenback gains; USD/JPY rises 0.3% to 155.34 amid rising yields; flow data from custody bank shows "significant" yen sales of late, while traders note only modest topside interest in options, with model longs in dollar sensitive to a drop below 153; corporates were among the yen buyers earlier. Overnight volatility holds firm as traders await outcome of Rinban operation. EUR/USD drops 0.1% to 1.0869 with Bank of France Governor Francois Villeroy de Galhau saying it's very probable that the European Central Bank will start cutting interest rates at its June 6 meeting. Focus for short-term exposure is at 1.0820, according to Europe-based traders, as large bids and sell stops seen around that level; option traders note interest to sell topside euro gamma. EUR/CHF rises 0.2% to reach a five-week high of 0.98417; eyes YTD high of 0.98487 on further gains. GBP/USD slips 0.1% to 1.2674. Bank of England policymaker Megan Greene warned that interest-rate cuts may be delayed if British firms excessively hold on to workers after facing post-pandemic staff shortages. USD/CAD climbs 0.1% to 1.3614 while AUD/USD pares loss after falling as much as 0.6% to 0.6654 as metal and energy prices mostly firm.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR Spot	83.3150	83.3725	83.4275	83.5025	83.5525	83.6050

Nirmal Bang Securities - Bullion Technical Market Update

Gold Market Update



Market View	
Open	73128
High	73268
Low	72734
Close	72980
Value Change	-122
% Change	-0.17
Spread Near-Next	345
Volume (Lots)	4621
Open Interest	11044
Change in OI (%)	-6.31%

Gold - Outlook for the Day

BUY GOLD JUNE (MCX) AT 72800 SL 72600 TARGET 73100/73300

Silver Market Update



Market View	
Open	86963
High	87494
Low	86867
Close	87300
Value Change	435
% Change	0.5
Spread Near-Next	0
Volume (Lots)	13841
Open Interest	29705
Change in OI (%)	0.74%

Silver - Outlook for the Day

BUY SILVER JULY (MCX) AT 87000 SL 86400 TARGET 87700/88200

Nirmal Bang Securities - Currency Technical Market Update

USDINR Market Update



Market View	
Open	83.5
High	83.53
Low	83.47
Close	83.5275
Value Change	-0.015
% Change	-0.018
Spread Near-Next	0
Volume (Lots)	452516
Open Interest	3110057
Change in OI (%)	0.20%

USDINR - Outlook for the Day

The USDINR future witnessed a gap-down opening at 83.50, which was followed by a session where price shows buying from lower level with candle closures near high. A green candle formed by the USDINR price where price facing resistance 10-days moving averages placed at 83.54. The pair has trading in choppy range for last one week. On the daily chart, the MACD showed a negative crossover above the zero-line, while the momentum indicator, RSI trailing between 52-58 levels showed positive indication. We are anticipating that the price of USDINR futures will fluctuate today between 83.45 and 83.55.

Key Market Levels for the Day

	S3	S2	S1	R1	R2	R3
USDINR May	83.4125	83.4550	83.5075	83.5525	83.6050	83.6575

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