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**Daily Market Update** **Report as on Tuesday, September 18, 2018**

# Gold on MCX settled up 1.12% at 30776 as support seen from Rupee weakness and speculation on import duty hike by 3% to control CAD. While Comex Gold prices edged higher reclaiming the key \$1,200-level amid renewed fears over an escalating trade war between the world's two largest economies. Market focus will largely be attuned to the next potential steps in the tit-for-tat trade dispute between the U.S. and China. US President Donald Trump is likely to announce new tariffs on about \$200 billion on Chinese imports as early as Monday, according to a senior administration official.

# India's import duty on Gold likely to increase by 3% to control CAD - A bid to lessen non-essential imports to hold CAD which could boost import duty on gold by 2-3 per cent from 10 per cent and give a bonus to investment in sovereign gold bonds in place of physical demand in India. India could increase the import duty on gold by 2 per cent to tackle the present scenario. The additional duty of 2 per cent collected on physical gold can be utilised to repay sovereign gold bond on maturity to incentivise customers who have invested in gold bonds. By doing so, investment demand for gold will shift to sovereign gold bond. The industry watchers feel the reintroduction of PMLA for gold could check gold demand, bullion dealers and jewellers feel that with elections around the corner, the government may not introduce it and this could affect gold demand in the upcoming festival season.

# Govt likely to curb gold imports with policy tweaks, not duty hike - The government is likely to take certain policy measures to curb high gold imports instead of raising customs duty on the precious metal, sources said. The effort is a part of the exercise by the government to check fall in rupee value and control current account deficit (CAD). "There is not much scope for hike in import duty on gold. Rather, it would be some kind of policy measures to reduce gold import. Higher import duty on gold may increase smuggling activities," they said. With festive season around the corner, hiking import duty on gold at this juncture might lead to increase in smuggling. However, the sources did not specify those policy measures.

# Gold Prices Reclaim \$1,200 Ahead of New U.S. Tariffs on China - Gold prices reclaiming the key \$1,200-level amid renewed fears over an escalating trade war between the world's two largest economies. Market focus will largely be attuned to the next potential steps in the tit-for-tat trade dispute between the U.S. and China. US President Donald Trump is likely to announce new tariffs on about \$200 billion on Chinese imports as early as Monday, according to a senior administration official. The tariff level will probably be about 10%, the WSJ reported, far below the 25% the administration said it was considering for this possible round of tariffs. The WSJ later reported that China may decline to participate in proposed trade talks with the U.S. later this month if the Trump administration moves forward with additional tariffs on imported Chinese goods, as Beijing won't negotiate under threat.

# Gold Bears Feeling Some Heat But Not Sweating Yet - Hedge funds continue to pare back their historic gold short positions but at a glacial pace, with Gold continuing to hang around the critically important psychological area of \$1,200 an ounce. The latest trade data from the CFTC showed money managers shed some of their bearish bets for the second time in the last three weeks. The CFTC's disaggregated Commitments of Traders report, for the week ending Sept. 11, showed money managers dropped their speculative gross long positions in Comex gold futures by 1,058 contracts to 100,593. At the same time, short bets fell at a faster pace of 8,561 contracts to 175,812. Gold's net-short positioning currently stands at 75,219 contracts. While still near historic levels, gold's net length declined by 9% from the previous week.

Date	Gold*	Silver*
17 Sep 2018 (Monday)	30750.00	36700.00
14 Sep 2018 (Friday)	30710.00	36595.00
12 Sep 2018 (Wednesday)	30600.00	36590.00

# The above rate are IBJA PM rates \* Rates are exclusive of GST 17 Sep 2018 (Monday)

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Outlook: Gold prices steadied as investors remained cautious on reports that the United States is set impose a new round of tariffs on Chinese imports. For the day prices a drop towards 30700-30650 will look to buy with a stoploss of below 30500 expecting prices to jump towards 30820-30900 level.

MCX GOLD		
Market View	Daily Levels	
Open	30558.00	<b>Resistance</b>
High	30800.00	31106.00
Low	30558.00	30953.00
Close	30776.00	30864.00
Value Change	340.00	30622.00
% Change	1.12	30469.00
Margin	5.00	30380.00
Margin (Rs.)	153880	<b>Support</b>
Volume	11694.00	
Open Interest	8471.00	<b>Spread</b>
Cng in OI (%)	3.71	<b>DEC - OCT</b>
Prev Value(Mln)	35891.83	224.00
52 Week High	31963.00	<b>FEB - DEC</b>
52 Week Low	29268.00	31.00

Gold on MCX settled up 1.12% at 30776 as bargain-hunters bought the metal after prices dipped amid reports that US is set to impose a new round of tariffs on Chinese imports. U.S. President Donald Trump on Monday imposed 10 percent tariffs on about \$200 billion worth of Chinese imports. Trump also warned that if China takes retaliatory action against U.S. farmers or industries, "we will immediately pursue phase three, which is tariffs on approximately \$267 billion of additional imports." The months-long trade rift between Washington and Beijing has prompted investors to buy the U.S. dollar in the belief that the United States has less to lose from the dispute. Gold prices have declined over 12 percent from April amid intensifying global trade tensions and under pressure from rising U.S. interest rates. Hedge funds and speculators have swung sharply toward pricing in higher rates and yields at the short end of the curve, a sign that they are backing down and now think the Fed will stick to the pace and path of rate hikes it has long flagged. Russia raised gold holdings by 28.367 tonnes to 1,998.538 tonnes in 2018 August, International Monetary Fund data showed. Currently, the ECB's plan is to half the monthly asset purchase to €15 billion starting October, and to end it after December. Interest rates would stay at present levels through the summer of 2019. Technically market is under fresh buying as market has witnessed gain in open interest by 3.71% to settled at 8471 while prices up 340 rupees, now Gold is getting support at 30622 and below same could see a test of 30469 level, And resistance is now likely to be seen at 30864, a move above could see prices testing 30953.

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INT. GOLD\$		
Market View	Daily Levels	
Open	1193.56	<b>Resistance</b>
High	1204.48	1217.42
Low	1193.03	1210.95
Close	1200.99	1205.97
Value Change	7.63	1194.52
% Change	0.01	1188.05
		1183.07
		<b>Support</b>

Outlook: Gold price approached the key resistance 1208.400 and still below it, accompanied by stochastic reach to the overbought areas, waiting to press on the price to resume the recently suggested bearish trend, to continue suggesting the bearish trend conditioned by holding below the mentioned level, reminding you that our waited targets begin at 1180.00.

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The rupee depreciated 81 paise to 72.65 against the dollar despite the government's steps to stem a steep fall in the currency, amid reports that the US could announce a new round of tariffs on Chinese imports later in the day. Technically market is under short covering AND getting support at 72.35 and below same could see a test of 72.15 level, And resistance is now likely to be seen at 72.80, a move above could see prices testing 73.08.

USDINR		
Market View		Daily Levels
Open	72.5200	Resistance
High	72.7700	73.16
Low	72.3675	72.96
Close	72.5475	72.76
Value Change	0.5975	72.35
% Change	0.83	72.16
Margin	2.51	71.95
Margin (Rs.)	1821	Support
Volume	2663153	
Open Interest	2880625	Spread
Cng in OI (%)	-0.62	OCT - SEP
Prev Value(Mln)	193333.85	0.3250
52 Week High	73.0250	NOV - OCT
52 Week Low	64.5000	0.2575

Rupee plunged on likely outflows from local stocks on risk aversion over escalating trade tensions between US and China and after Goldman Sachs downgraded its view on India. The Indian government announced a slew of steps aimed at stemming a steep decline in the rupee, and it left the door open to announcing more measures. After an economic review meeting chaired by Prime Minister Narendra Modi, India's finance minister reportedly said the government plans to take measures to cut down "non-necessary" imports, ease overseas borrowing norms for the manufacturing sector and relax rules around banks raising masala bonds, or rupee-denominated overseas bonds. Jaitley said manufacturing entities will be permitted to make use of external commercial borrowings (ECBs) of up to \$50 million with a minimum maturity of one year, down from three years earlier. On the economic front, merchandise exports in August 2018 were \$27.84 billion, as compared to \$23.36 billion in August 2017, exhibiting a positive growth of 19.21%. In rupee terms, exports were Rs 1,93,624.74 crore in August 2018, as compared to Rs 1,49,398.90 crore in August 2017, registering a positive growth of 29.60%. Imports in August 2018 were \$45.24 billion (Rs 3,14,597.54 crore), which was 25.41% higher in dollar terms and 36.34 % higher in rupee terms over imports of \$36.07 billion (Rs 2,30,737.96 crore) in August 2017. Technically now USDINR is getting support at 72.43 and below same could see a test of 72.1975 level, And resistance is now likely to be seen at 72.8325, a move above could see prices testing 73.0025.

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## Gold Spot 995

Exch.	Descr.	Last*
CMDTY	Gold 995 - Ahmedabad	31516.00
CMDTY	Gold 995 - Bangalore	31530.00
CMDTY	Gold 995 - Chennai	31525.00
CMDTY	Gold 995 - Cochin	31530.00
CMDTY	Gold 995 - Delhi	31520.00
CMDTY	Gold 995 - Hyderabad	31540.00
CMDTY	Gold 995 - Jaipur	31520.00
CMDTY	Gold 995 - Kolkata	31550.00
CMDTY	Gold 995 - Mumbai	31520.00

\* Rates including GST

## Silver Spot 999

Exch.	Descr.	Last*
CMDTY	Silver 999 - Ahmedabad	37600.00
CMDTY	Silver 999 - Bangalore	37830.00
CMDTY	Silver 999 - Chennai	37805.00
CMDTY	Silver 999 - Delhi	37780.00
CMDTY	Silver 999 - Hyderabad	37930.00
CMDTY	Silver 999 - Jaipur	37765.00
CMDTY	Silver 999 - Kolkata	37950.00
CMDTY	Silver 999 - Mumbai	37855.00

\* Rates including GST

## Bullion Futures on DGCX

Exch.	Descr.	Last
DGCX	GOLD 26SEP2018	1199.00
DGCX	GOLD 28NOV2018	1203.70
DGCX	GOLD QUANTO 27SEP2018	30759.00
DGCX	GOLD QUANTO 29NOV2018	30936.00
DGCX	SILVER 28NOV2018	14.25
DGCX	SILVER 26FEB2019	14.23
DGCX	SILVER QUANTO 29NOV2018	41189.00

## Gold Spot 999

Exch.	Descr.	Last*
CMDTY	Gold 999 - Ahmedabad	31690.00
CMDTY	Gold 999 - Bangalore	31680.00
CMDTY	Gold 999 - Chennai	31675.00
CMDTY	Gold 999 - Cochin	31680.00
CMDTY	Gold 999 - Delhi	31670.00
CMDTY	Gold 999 - Hyderabad	31690.00
CMDTY	Gold 999 - Jaipur	31640.00
CMDTY	Gold 999 - Mumbai	31670.00

\* Rates including GST

## Bullion Futures on MCX

Exch.	Descr.	Last
MCX	GOLD 04AUG2017	30776.00
MCX	GOLD 05OCT2017	31000.00
MCX	GOLD 05DEC2017	31031.00
MCX	SILVER 05JUL2017	37433.00
MCX	SILVER 05SEP2017	38213.00
MCX	SILVER 05DEC2017	38724.00

## Gold and Silver Fix

Exch.	Descr.	Last
CMDTY	Gold London AM FIX	1341.05
CMDTY	Gold London PM FIX	1341.05
CMDTY	Silver London FIX	16.45

## Gold / Silver Ratio

Exch.	Descr.	Last
INTL. SPOT	GOLD SILVER RATIO	84.86
MCX	MCX GOLD SILVER RATIO	82.22

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Report is prepared for information purposes only.

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