

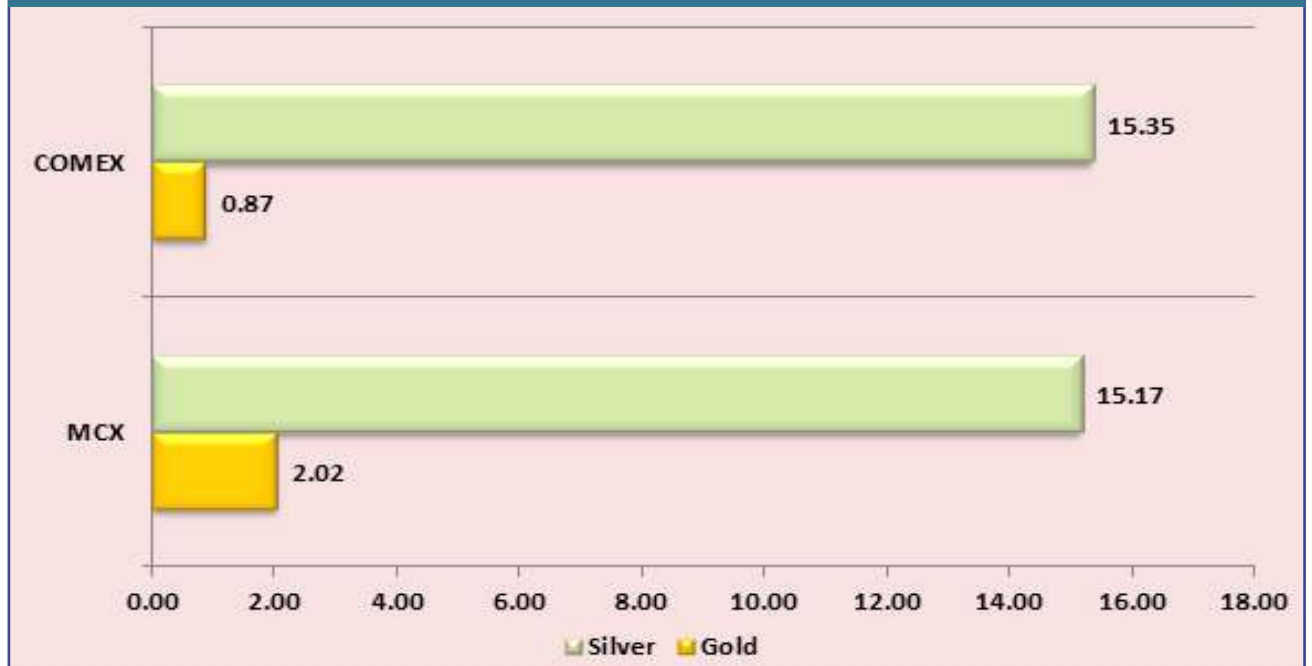
SPECIAL MONTHLY REPORT ON

BULLIONS

JUNE 2024

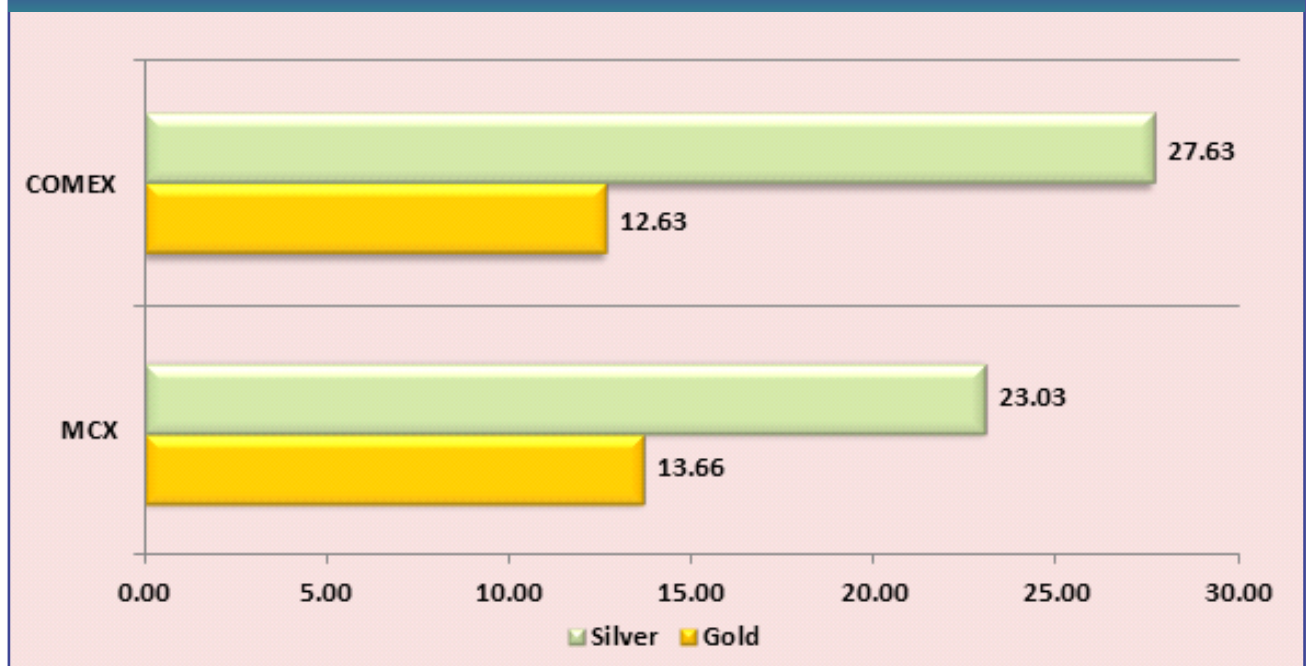


BULLIONS PERFORMANCE (May 2024) (% change)



Source: Reuters & SMC Research

BULLIONS PERFORMANCE (January - May 2024) (% change)



Source: Reuters & SMC Research

In May, gold & silver prices registered a fourth consecutive monthly gain as geopolitical risks, central bank demand and expectations of interest rates cut by Federal Reserve this year had lifted bullion's appeal. Gold is attracting new momentum because inflation is less of a threat than it was. Multiple Fed governors have said that it will take a few months of softer inflation to convince them it's safe to cut rates. Dallas Fed Bank President Lorie Logan said she believes inflation is still heading to the Fed's 2% target, but noted that it is too early to consider cutting interest rates. The U.S. Department of Commerce announced that its core Personal Consumption Expenditures price index rose 0.2% in April. The data was better than expectations, as the consensus of economists was for a 0.3% month-over-month increase. The bullion got support after China announced "historic" steps to stabilise the crisis-hit property sector, a major consumer of industrial metals as well as gold.

Outlook

- Gold prices may continue to surge as the Federal Reserve left interest rates unchanged and struck a more dovish tone, acknowledging that progress on lowering inflation has stalled. The precious metal, often viewed as a hedge against inflation, benefited from the central bank's signal that further rate hikes are unlikely in the near term.
- Gold prices are likely to remain fairly supported by buying-on-dips demand and central bank diversification. Demand from global central banks for gold has been elevated for two years as they diversify their foreign currency reserves.
- The Federal Reserve is facing a challenging environment as inflation remains stubbornly elevated and economic activity begins to weaken. Some analysts have said that when faced with a stagflationary environment, the U.S. central bank will likely ignore elevated inflation and focus on supporting the economy, which would be a positive environment for gold.
- The U.S. economy grew at a sluggish 1.3% annual pace from January through March, the government said in a downgrade from its previous estimate. Consumer spending rose but at a slower pace than previously thought.
- The Reserve Bank of India (RBI) holds 828.6 tonnes of gold currently, which is more than the country's average annual demand of 750-800 tonnes, notwithstanding the high prices for the precious metal.
- In the face of record-high prices, China's gold import slowed last month as the world's largest consumer demand began to wane due to record-high prices. According to recent customs data, overseas purchases of physical gold fell to 136 tons in April, marking a 30 per cent decrease from the previous month and the lowest total for the year.
- Silver's supply/demand imbalance is expected to worsen, with the supply deficit projected to rise by 17% in 2024, while industrial demand will increase by 9%.
- Silver's dual role as a precious and industrial metal means it has also benefited from the current environment of reasonably strong economic growth and high inflation.



In June, gold prices may continue to witness higher volatility and possible range would be 69500-73000. On the other hand, Silver may trade in the range of 86500-94000.

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