

SPECIAL MONTHLY REPORT ON

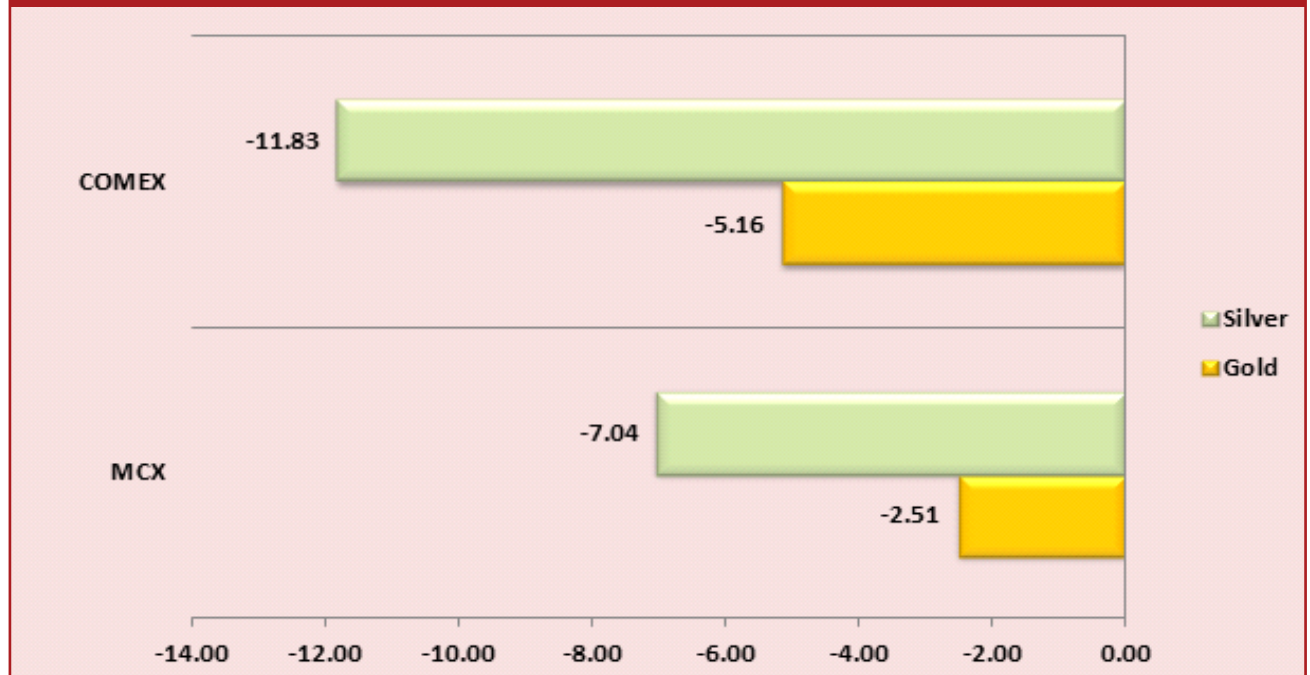
BULLIONS

MARCH 2023



Moneywise. Be wise.

BULLIONS PERFORMANCE (February 2023) (% change)



Source: Reuters & SMC Research

BULLIONS PERFORMANCE (January - February 2023) (% change)

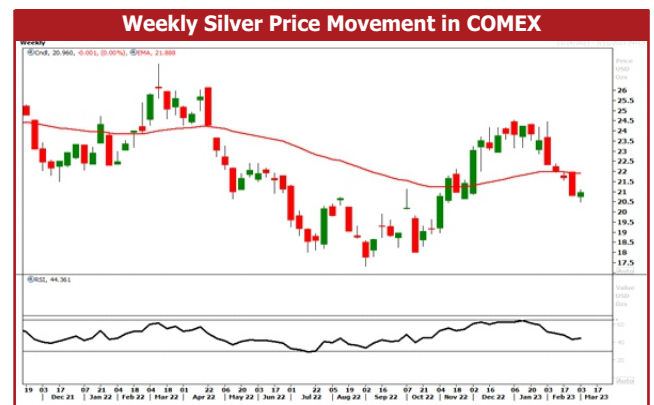
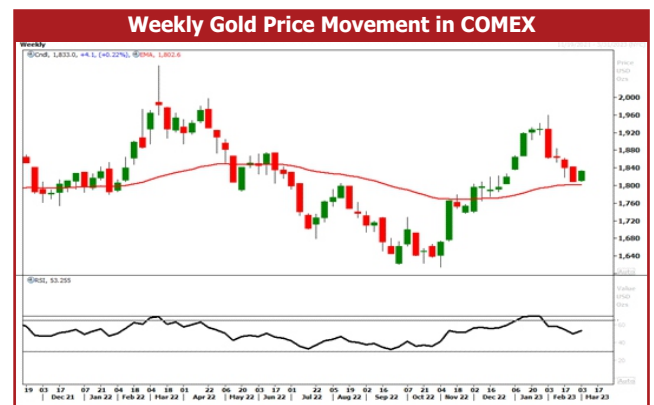


Source: Reuters & SMC Research

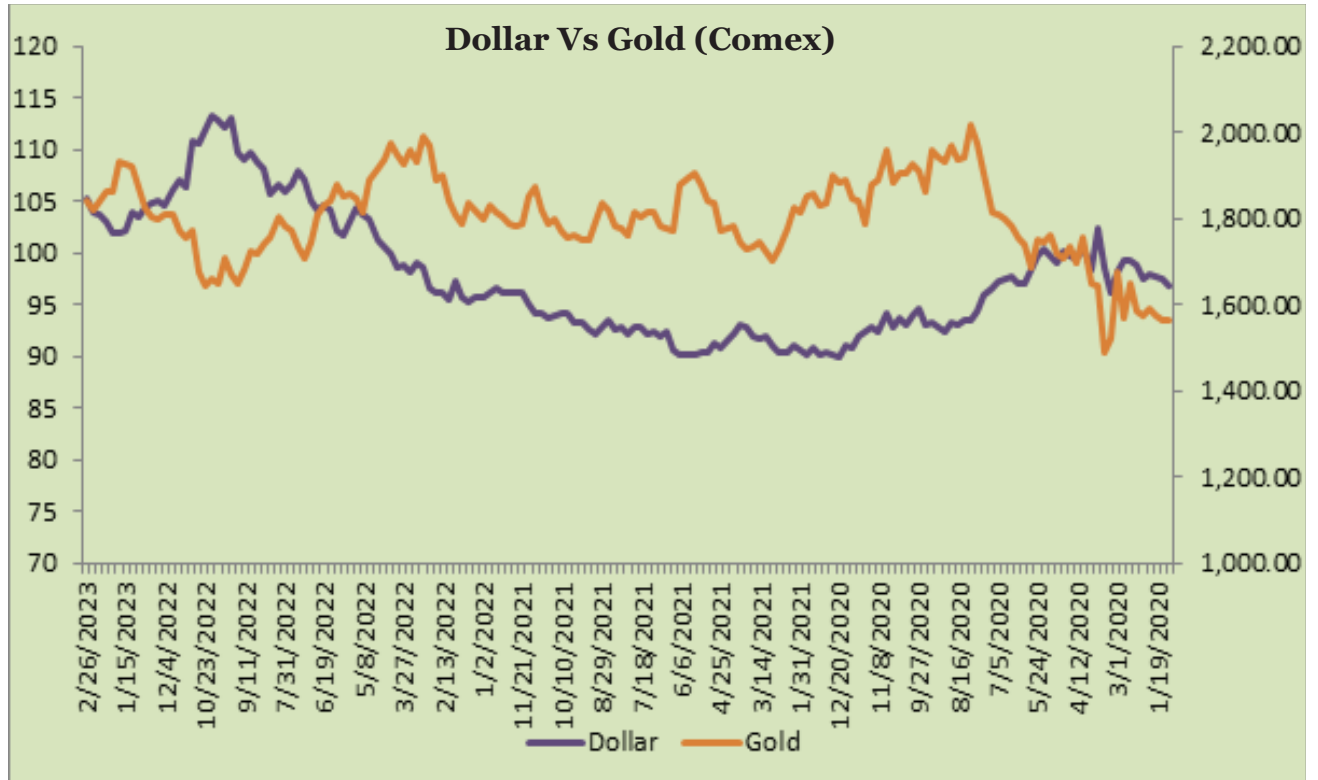
Gold prices registered its biggest monthly decline in February since June 2021 as a stronger dollar and fears that the U.S. Federal Reserve would keep raising interest rates weighed on the non-yielding asset's appeal. On Comex, gold has fallen more than 5% in February month after strong economic data boosted expectations of more rate hikes. The dollar posted its first monthly gain in five, making gold more expensive for overseas buyers. Fed Governor Philip Jefferson said that he was under "no illusion" that inflation would return quickly to the U.S. central bank's target. Markets went from expecting a rate cut at the end of this year to a high possibility of higher-for-longer rates as macro data surprised on the upside. Inflation is proving challenging to bring down, adding to fears that the Fed will be much more aggressive than previously thought. Silver prices slide almost 12% in Comex & 7% in MCX due to twin pressure of fall in gold and base metals.

Outlook

- If inflation continues to rise, then gold might fall. Hopes of a swift further decline in the inflation rate have received a noticeable damper at the beginning of 2023. U.S. Treasury Secretary Janet Yellen told Reuters that the data showing inflation jumped unexpectedly in January signals that the fight against inflation “is not a straight line” and more work is needed.
- Markets are not ruling out a return to 50-basis-point hikes after the Fed decided to slow down to a 25 bps increase in February.
- The recent series of strong United States economic data and hawkish Federal Reserve (Fed) commentary have heightened expectations for three rate hikes this year. According to the CME FedWatch Tool, there is a 23% chance of a 50 bps rate hike in March.
- The Fed may be hesitant to adopt an aggressive rate hike stance after weak data. This uncertainty may uplift the precious metals.
- Investment demand will be the catalyst supporting gold prices. Massive ETF net outflows contributed to headwinds in gold prices last year. This year, we'll see investment demand re-emerging with the view that the U.S. dollar has peaked.
- There is a growing fear that the Federal Reserve will break something in the economy by tightening too much. In this scenario, gold could be looking at new record highs this year, according to the LBMA gold price survey.
- US CB consumer confidence index fell to 102.9 from 106.0 the previous month. The AI-Nino effect forecast by the India Meteorological Department on the monsoon may cause the RBI's hawkish monetary policy to be paused in the coming quarters, may support the bullion prices.

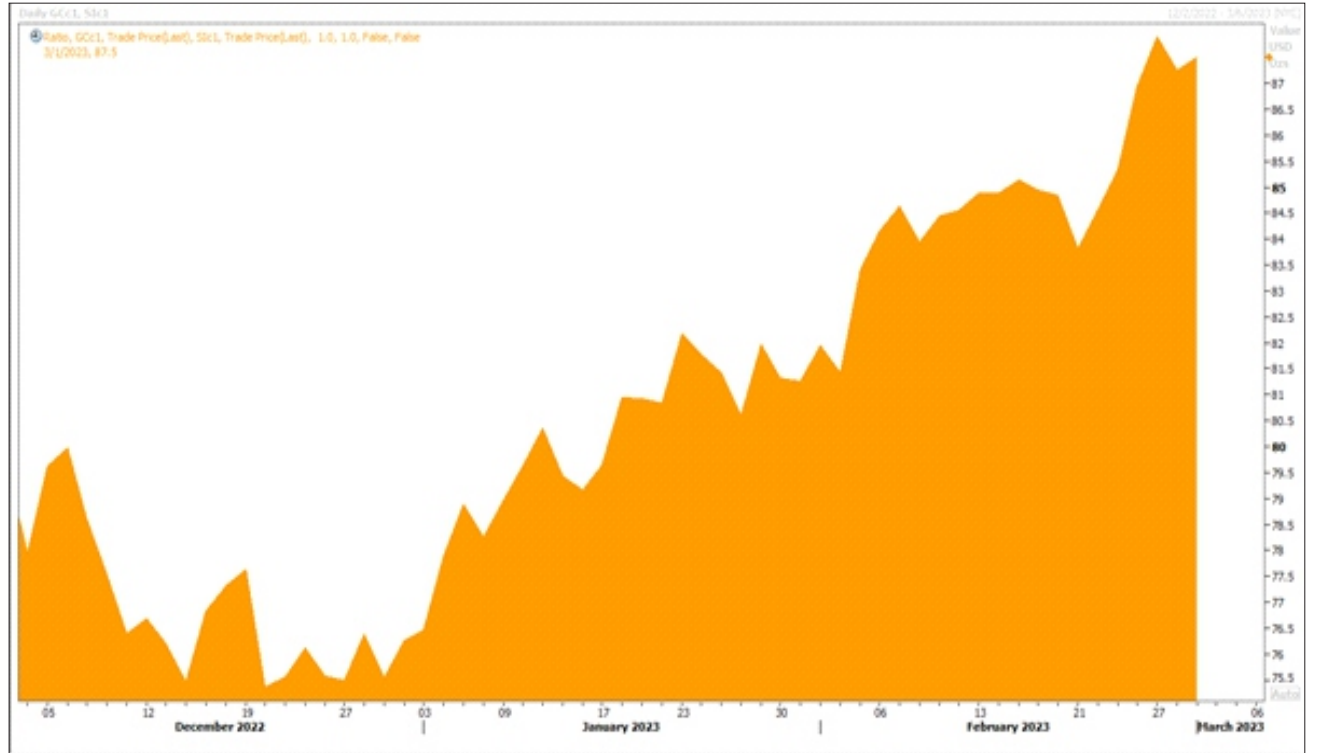


In March, Gold may trade in range of 53000-58500 and Silver may also witness huge volatility and trade in the range of 60000-69000 levels. On COMEX, gold may trade in range of \$1780-\$1880 and Silver may trade in range of \$20.10-\$23.40.



Source: Reuters

Gold-Silver ratio on COMEX



Source: Reuters

Analysis: In Feb, gold-silver ratio climbed from 82 to 88 as the silver prices fell more than gold. Now the ratio may move in the range of 85-91 in March.

BULLIONS

SPDR Gold trust holding



Source: goldprice.org

Analysis: SPDR gold share prices are climbing since November 2022 but lost momentum in February-23 and slide to level near 169. Now the prices may trade in the range of 163-175 in near term.

SMC COMMODITY RESEARCH DESK



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401 / 402 ,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach
Signal, Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600,
Fax: 91-22-67341697

Kolkata Office:
18, Rabindra Sarani, Poddar Court,
Gate No-4, 5th Floor, Kolkata-700001
Tel.: 033 6612 7000/033 4058 7000
Fax: 033 6612 7004/033 4058 7004

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