

SPECIAL MONTHLY REPORT ON

BULLIONS

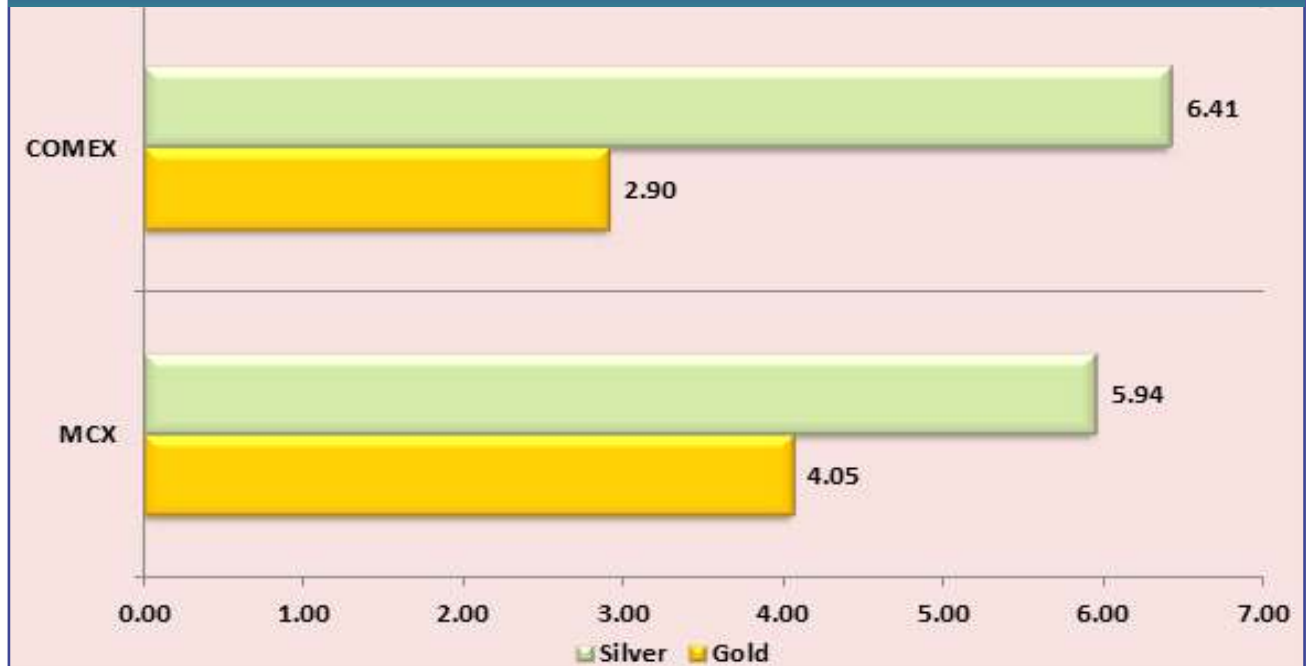
MAY 2024



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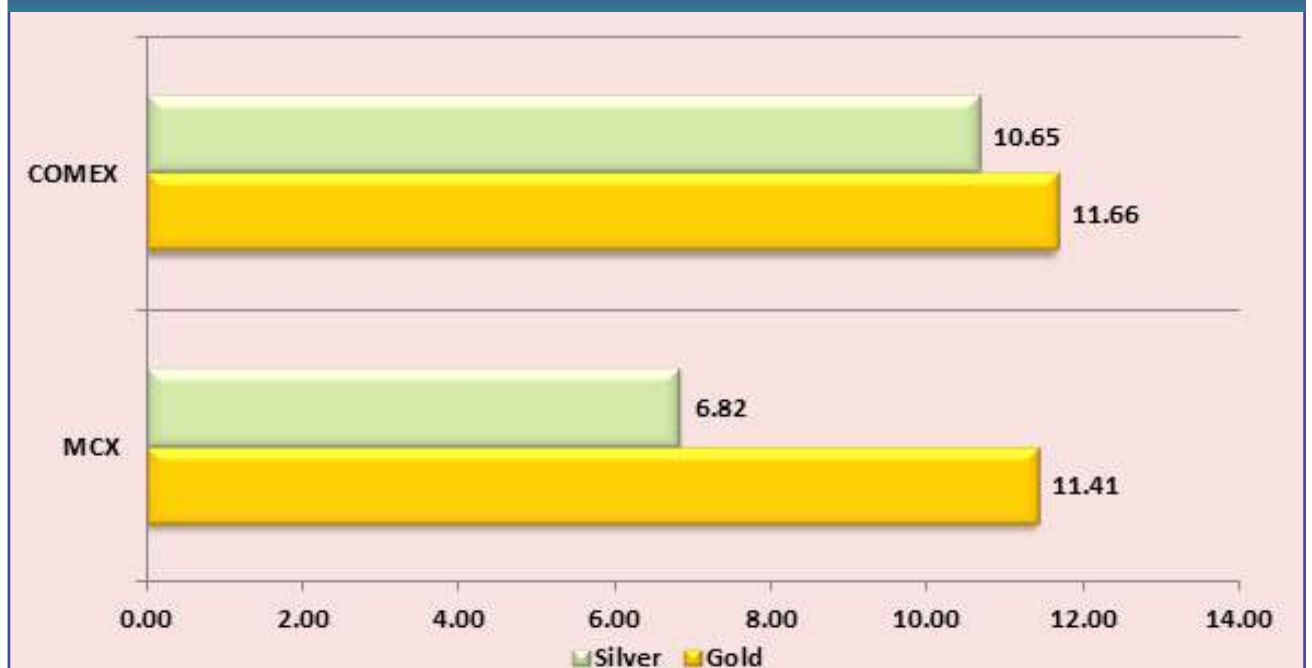
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BULLIONS PERFORMANCE (April 2024) (% change)



Source: Reuters & SMC Research

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



Source: Reuters & SMC Research

In April, gold & silver prices registered a third consecutive monthly gain as geopolitical risks and central bank demand lifted bullion's appeal. Gold is attracting new momentum because inflation is less of a threat than it was. Gold prices hit new all-time highs to \$ 2448 on escalating Middle East tensions, record purchases by central banks, concerns over sticky inflation and soaring U.S. government debt. A hotter-than-expected consumer price inflation report for March had prompted traders to dial back expectations for Fed rate cuts. The World Gold Council noted that central banks bought more gold in the first quarter of 2024 than during any other such period on record. The gold mining company Barric Gold said it produced 940,000 ounces of gold in the first three months of the year, down roughly 1% from 952,000 ounces produced in the first quarter of last year. However, higher gold prices more than made up for the lower production numbers. However, the gold prices lost its some safe haven demand due to easing concerns over geopolitical tensions in the Middle East. Easing safe haven demand also made gold more vulnerable to the higher-for-longer outlook on U.S. interest rates, especially after hawkish Federal Reserve signals and sticky inflation readings over the past two weeks.

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.
- Powell admitted that the central bank is not gaining "greater confidence" in inflation's downward trajectory, a key condition for a potential pause in rate hikes.
- Signs of sticky inflation saw traders largely price out expectations of near-term interest rate cuts by the Fed. The central bank is now only expected to cut rates in September, or the fourth quarter, if at all this year.
- Analysts raised their 2024 gold price forecasts, expecting simmering geopolitical woes to coax investors to seek refuge in the safe-haven asset and spur record-beating prices further as central banks bolster their reserves.
- Citigroup is now calling for a \$3,000 gold price over six to 18 months, while Goldman expects gold to hit \$2,700 by the year end, and UBS has upgraded its year-end target to \$2,500 an ounce.
- The World Gold Council's Q1 2024 report reveals that total global gold demand was up 3% year-on-year to 1,238t, marking the strongest first quarter since 2016.
- Central banks continued to buy gold apace, adding 290t to official global holdings during the quarter.
- Bar and coin investment increased 3% year-on-year, remaining steady at the same levels from Q4 2023 at 312t.
- Gold ETFs continued to see outflows with global holdings falling by 114t.
- Global jewellery demand remained resilient, despite record-high prices, only falling 2% year-on-year.
- In addition, demand for gold in technology recovered 10% year-on-year driven by the AI boom in the electronics sector.
- On the supply side, mine production increased 4% year-on-year to 893t - a record first quarter.
- India's gold demand rose 8 per cent annually to 136.6 tonnes in the March quarter helped by a strong economic environment despite prices touching historic highs, according to the World Gold Council.
- Total gold imports in India in Q1 2024 were 179.4 tonne, up by 25 per cent compared to 143.4 tonne in Q1 2023, the Council said.
- Silver prices also getting support from industrial demand—mainly from solar PV manufacturing – and institutional investment.



Source: Reuters



Source: Reuters



Source: Reuters



Source: Reuters

In May, gold prices may continue to witness higher volatility and possible range would be 68000-74000. On the other hand, Silver may trade in the range of 76000-86000.

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