

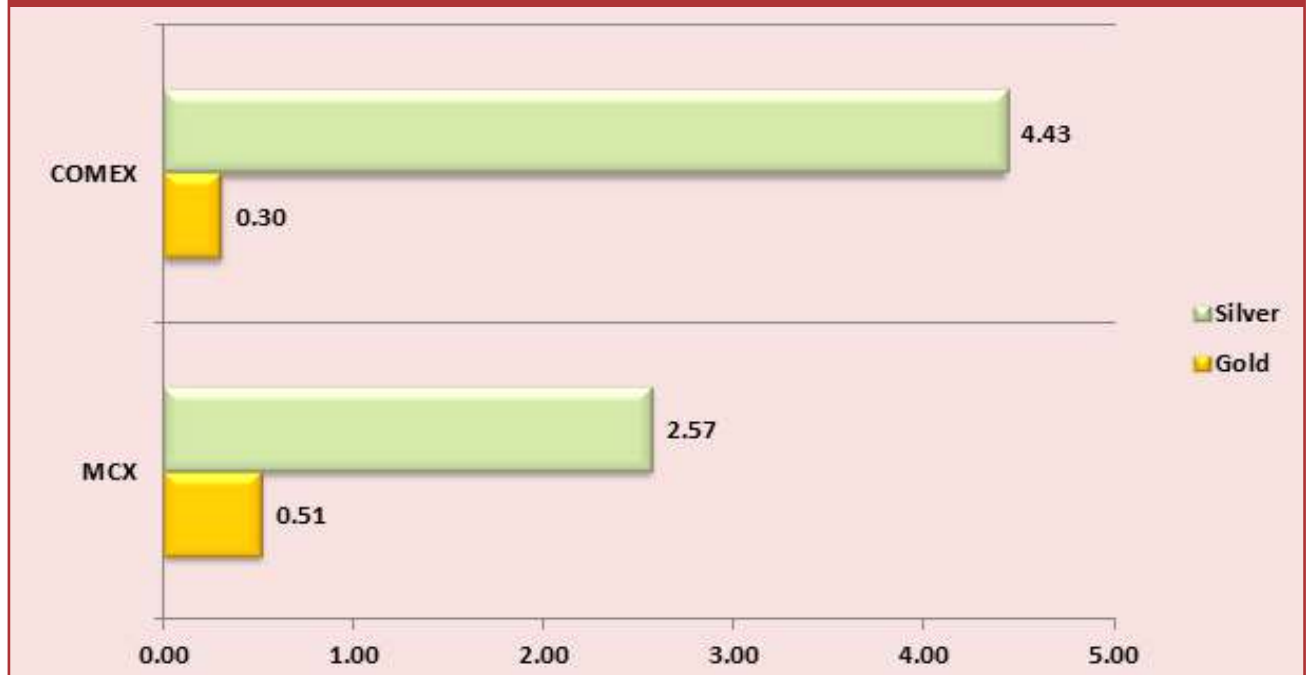
SPECIAL MONTHLY REPORT ON

BULLIONS

MAY 2023

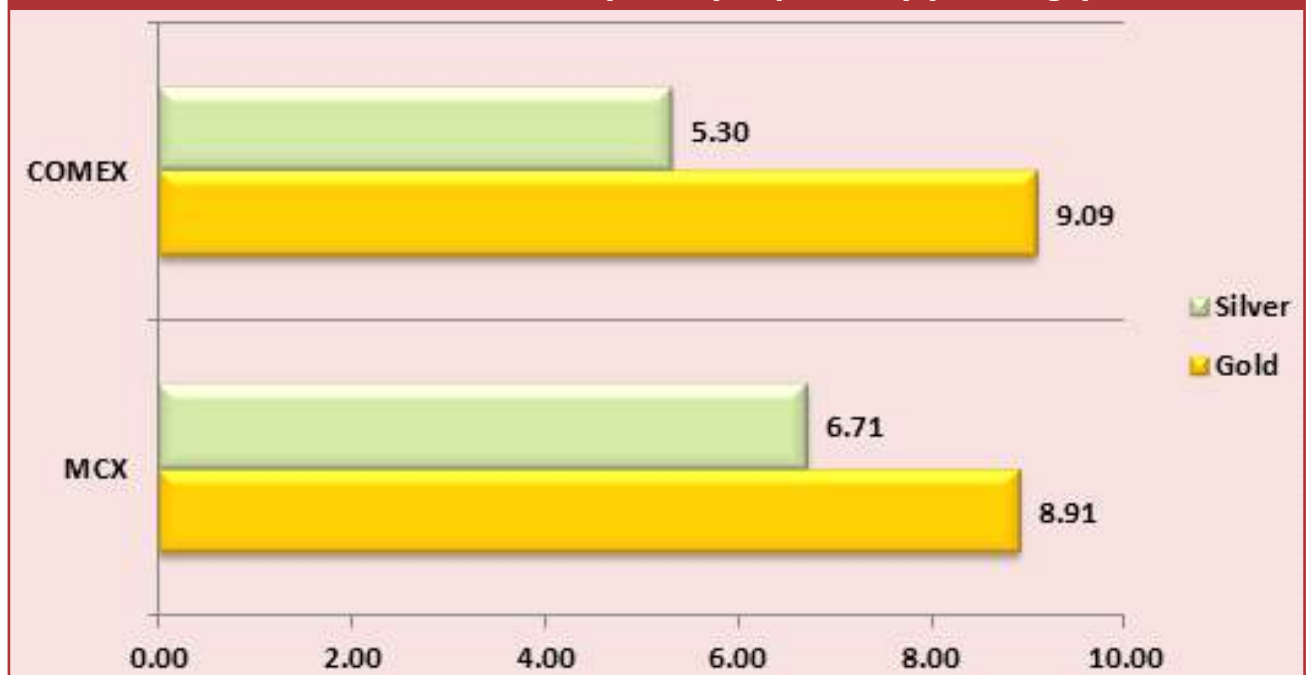


BULLIONS PERFORMANCE (April 2023) (% change)



Source: Reuters & SMC Research

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



Source: Reuters & SMC Research

In April, gold prices registered second monthly rise on concerns over turmoil in the U.S. banking sector enhanced its safe-haven appeal for investors, even as steady U.S. inflation reinforced bets for an interest rate hike in May. While prospects of another rate hike were pressuring gold, bullion was, for the month, supported by the weaker dollar and the “safe-haven trade resulting from fears of an economic contraction and ongoing turbulence in the American banking sector. Gold scaled a one-year peak at \$2,048.71 in mid-April as the banking crisis unfolded. Traders also took stock of U.S. Treasury Secretary Janet Yellen’s warning that failure by Congress to raise the government’s debt ceiling would trigger an “economic catastrophe” that would send interest rates higher for years to come.

Outlook

- Looking ahead in May, gold & silver prices will continue to trade with high volatility. Although higher interest rates work against gold as it does not provide any yield, they can work in bullion's favour because they raise the chance of another banking crisis.
- The U.S. central bank raised its benchmark overnight interest rate by a quarter-of-a-percentage point, as expected by markets. The Fed no longer said it "anticipates" further rates increases will be needed, only that it will watch incoming data to determine if more hikes "may be appropriate."
- Fed also signalled a pause in further increases to assess the fallout from recent bank failures, wait on the resolution of a political standoff over the U.S. debt ceiling, and monitor the course of inflation.
- U.S. Treasury Secretary Janet Yellen said the U.S. could run out of money to pay its bills by June 1 if Congress fails to raise or suspend the debt ceiling.
- Fed Chair Jerome Powell said the U.S. had a greater chance of avoiding a recession, but would not rule it out and added, "it's possible that we will have what I hope would be a mild recession."
- Concerns in the banking space remain unresolved, that will put a cautious stance in the risk environment, drawing continued safe-haven flows for gold in the event of further fallouts.
- Concerning data points in the US with respect to consumer confidence, Unemployment & Inflation – The GDP, unemployment & consumer confidence index numbers have been largely negative, increasing the fears of recession.
- The Silver Institute is forecasting another 1.17 billion ounces being demanded this year, against a projected supply of 1.02 billion ounces. While this would close the gap to 142.1 million ounces, it would still be the second-largest deficit in over two decades.
- Perth Mint's gold product sales in April fell 6.7% to 75,166 ounces from 80,541 in March, while those of silver rose to their highest since October last year, the refiner said. Silver sales, on the other hand, rose 6.8% on a monthly basis to 1,947,743 ounces.



Source: Reuters



Source: Reuters



Source: Reuters



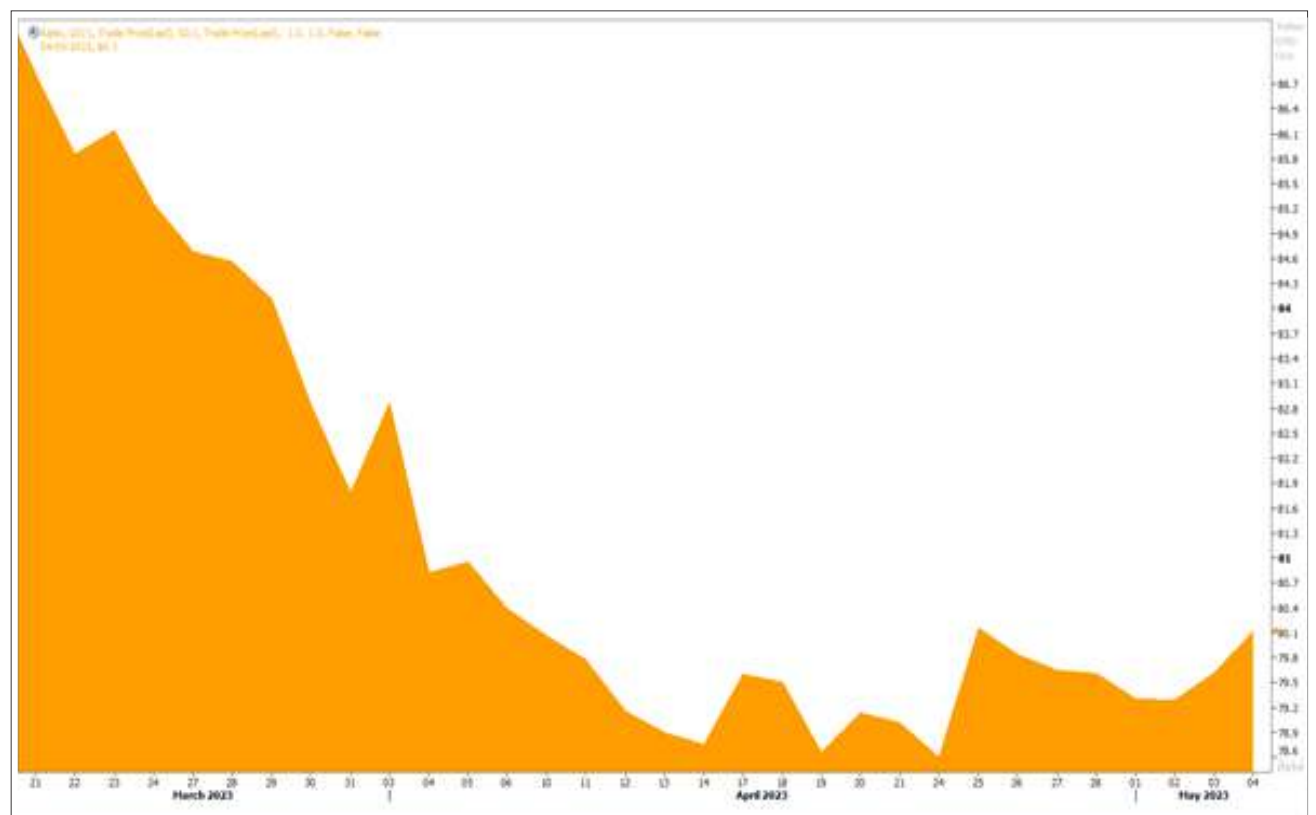
Source: Reuters

In May, Gold may trade in range of 59000-63000 and Silver may also witness huge volatility and trade in the range of 72000-79500 levels. On COMEX, gold may trade in range of \$1970-\$2140 and Silver may trade in range of \$24.20-\$28.00. Buy on dip should be best strategy.



Source: Perth Mint

Gold-Silver Ratio on COMEX



Source: Reuters

Analysis: In April, Gold-silver ratio declined to 78.6 and after that started to recover to 80. Now the ratio may move in the range of 75-85 in May.

BULLIONS

SPDR Gold trust holding



Source: goldprice.org

Analysis: SPDR gold share prices are climbing since November 2022 but lost momentum in February-March 23 and slide to level near 169. The prices again climbed to high of 189 in April and now may trade in the range of 184-195 in near term.

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