SPECIAL MONTHLY REPORT ON

BULLIONS

SEPTEMBER 2023

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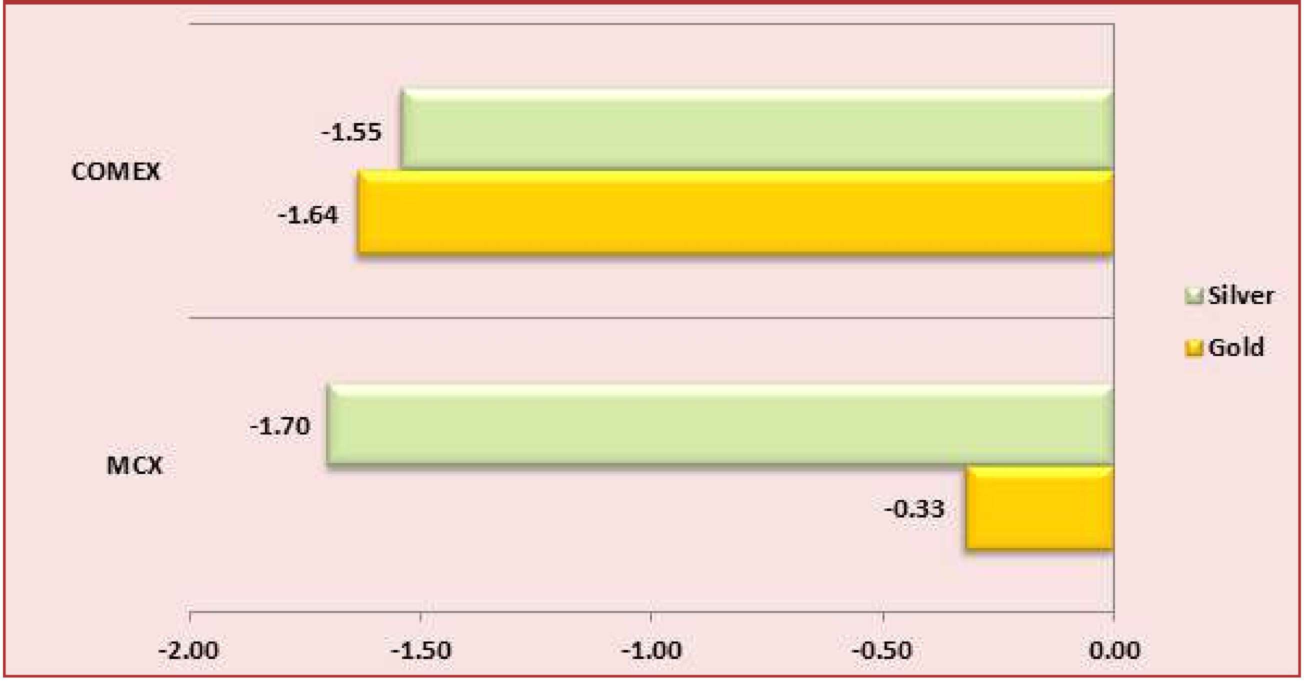
BULLIONS

BULLIONS PERFORMANCE (August 2023) (% change)



Source: Reuters & SMC Research

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

Source: Reuters & SMC Research

In August, gold prices declined more than 1.5% in Comex as the U.S. dollar registered its first monthly rise in three and U.S. Treasury yields also posted their fourth consecutive monthly gain. The U.S. economy grew at a slightly less brisk pace than anticipated in the second quarter, with the rise in private payrolls halving in August from July and job openings hitting a 2-1/2-year low last month. The soft economic readings have prompted traders to scale back rate-hike bets in Fed's November and December meetings as well, according to the CME's FedWatch tool. U.S. consumer spending increased by the most in six months in July, but slowing monthly inflation rates cemented expectations that the Federal Reserve would keep interest rates unchanged next month. Atlanta Fed President Raphael Bostic laid out a case against any further U.S. interest rate hikes, saying monetary policy is already tight enough to bring inflation back down to 2% over a "reasonable" period. Euro zone inflation held steady in August but underlying price growth fell as expected, a mixed picture that complicates life for the European Central Bank.

Outlook

- Looking ahead in September, gold & silver prices will continue to trade with high volatility. Market dynamics will be favourable for gold in the near term. Due to better economic data, the fear of economic recession has reduced, due to which investors are attracted to the US Dollar Index.
- Both gold and silver will be benefitted from growing perceptions that the Federal Reserve may end its tightening cycle.
- While the Fed is expected to leave rates unchanged at its Sept. 19-20 policy meeting, the central bank will probably wait until the April-June period of 2024 or later before cutting it, according to economists in a Reuters poll.
- But if inflationary data for the U.S. comes in much higher-than-expected, the U.S. 10-year Treasury yield is likely to inch higher and put a pressure on gold.
- The European Central Bank also expects inflation to remain above 3% next year, bolstering the case for a tenth consecutive rate hike, as per a source.
- Europe's economy is definitely facing a lot of challenges so safe-haven demand will emerge if investors see that the currency is going to be under pressure.
- The latest data shows global central banks continued to add to their gold reserves in July. Central banks reported healthy net purchases of 55t during the month.
- Along with shifting U.S. monetary policy, analysts note that robust economic activity is also supporting silver prices. Silver's industrial demand continues to be driven by the global green energy transition.

Weekly Gold Price Movement in MCX

Source: Reuters

Weekly Gold Price Movement in COMEX

Source: Reuters

Weekly Silver Price Movement in MCX

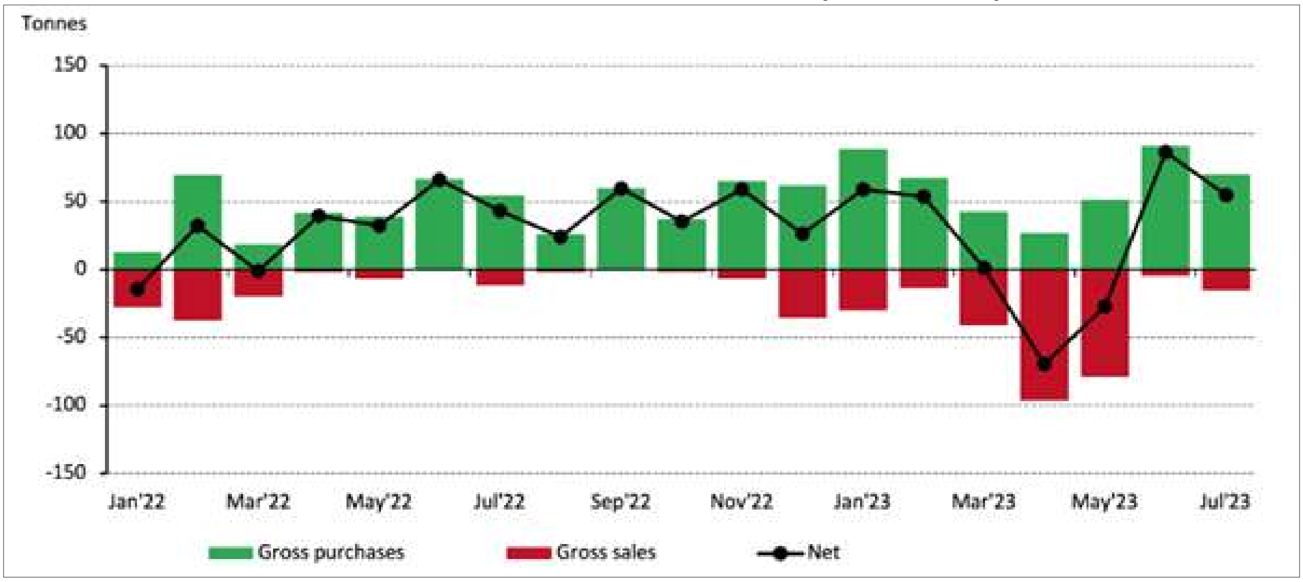
Source: Reuters

Weekly Silver Price Movement in COMEX

Source: Reuters

In September, gold prices may continue to trade in a range and possible range would be 57000-61000. On the other hand, Silver may trade in the range of 69400-75300.

Central Banks Remained Net Buyers in July



Source: IMF & WGC

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