

Update and Outlook on Gold and Silver

December 2024



Security	Current price	Weekly Change*	Monthly change**	Yearly Change***
LBMA Gold (AM fixing)	\$ 2,613.75	-1.05%	-3.42%	27.15%
LBMA Silver	\$ 29.48	-2.74%	-5.68%	20.52%
MCX Gold Spot	` 75,640	-0.58%	-2.42%	20.88%
MCX Silver Spot	` 87,493	-1.14%	-3.60%	17.02%
Dollar index	108.257	1.22%	0.65%	6.45%
USD/INR (FBIL)	85.1932	0.31%	0.82%	2.34%

Bloomberg Data as on December 24, 2024. Source: LBMA: London Bullion Market Association, MCX: Multi Commodity Exchange, FBIL: Financial Benchmarks India pvt ltd. * As per 17 December 2024 closing ** As per 22 November 2024 closing. ***as per 22 December 2023 closing

Gold and Silver Fundamental Update

Gold ended with a remarkable rally after a decade, up by over 28% Year till date till November 2024 which was led by Geopolitical tensions, Federal reserve cutting their first interest rate after series of interest rate hikes, central bank demand, higher consumer demand in India among other factors.

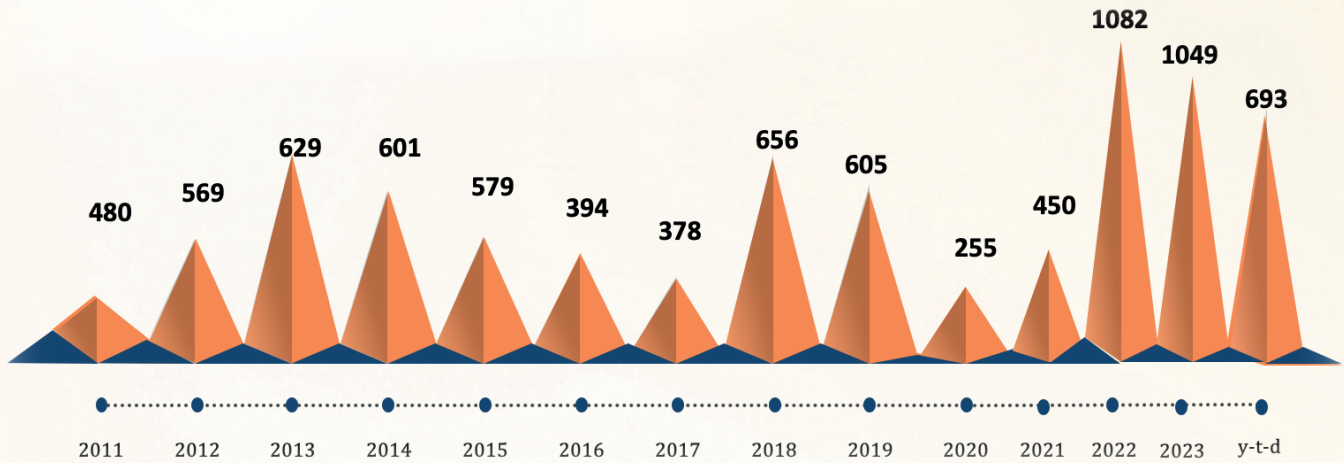
As we move ahead, 2025 may be the year where all eyes are likely to be on newly elected US president Donald trump's second term and how it might impact the global economy. Trump's America first policies where he is likely to increase tariffs on countries like China, may cause trade war 2.0 and may put upward pressure on inflation. His policies on reducing corporate tax may likely be positive for US markets.

On the other hand, US Fed gave more than expected hawkish stance in its December 2024 policy meet. While rate cut of 25 bps was expected in December 2024, Fed now projects only two 25 bps cut in 2025 and market now expects higher for longer stance. Market also now expects stronger US dollar (Dollar index is at 108.08 as on 23 December 2024). These are cocktail of factors which are positive as well as negative for gold.

In our opinion, Gold is expected to be volatile in coming months but we expect strength to continue due to expected stronger demands from Central banks and Gold possibly playing a role of safe-haven asset in case trade war escalates and geo-political issues.

Source: Gold.org, Kitco, Kinesis Data as on 24 December, 2024, t=ton, Mn: Million, Bn: Billion, PBoC: People's Bank of China, ISM: The Institute for Supply Management (ISM), PMI: Purchasing Managers' Index (PMI), RMB – Renminbi, y-t-d = Year to Date, bps: Basis Points

Annual central bank Demand (in Tonnes)



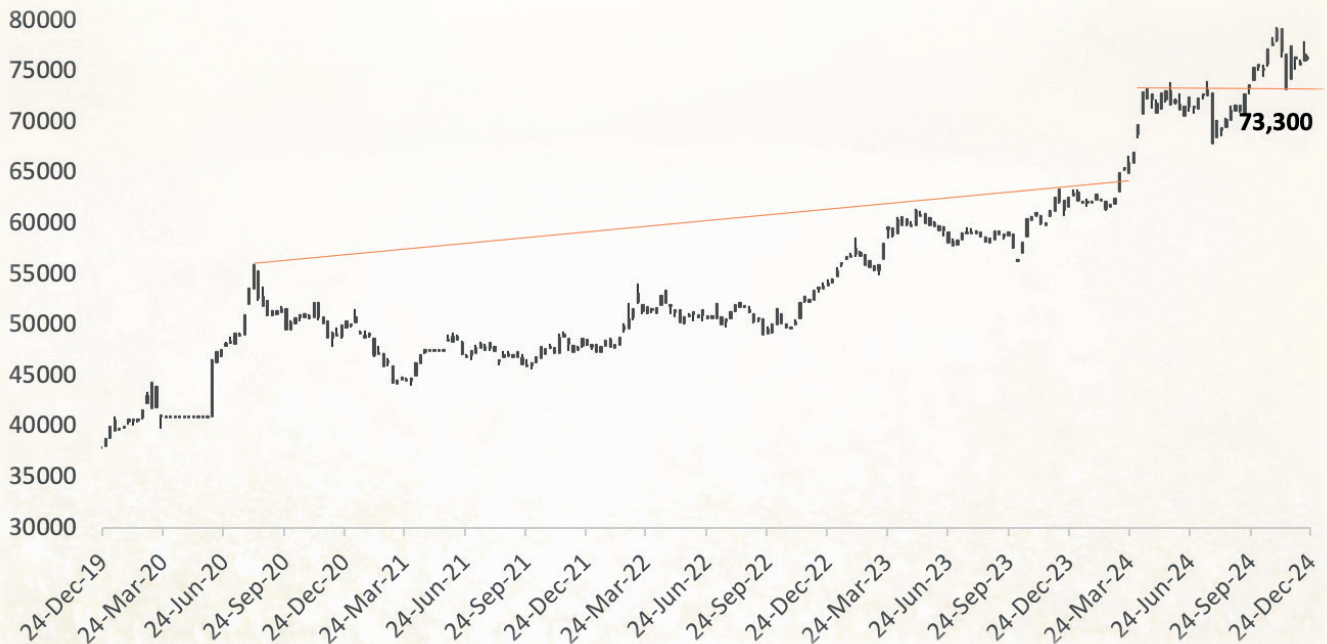
Sources: Metals Focus, Refinitiv GFMS, World Gold Council data as of Q3 2024.

In 2024, the central bank demand in excess of 500 tonnes had a positive impact on Gold prices and World Gold Council believes that central bank demand in 2025 will likely to surpass that.

As long as Silver is concerned, we expect Silver prices to continue to be more volatile than gold. While Silver is expected to witness strong industrial demand due to application in several new age economies, which is likely result in silver outperforming gold in the long run, the China may remain a questions mark. If latest and expected policies and stimulus in China props up domestic consumption and economy as a whole, it might be positive for Silver, but if the tariff war escalates and China recovery is hampered, it might put downside pressure on Silver price. Investors may take advantage of price correction, if any to accumulate Gold and Silver in their portfolio.

Technical Outlook

MCX Gold spot weekly chart



Source: Bloomberg as on 24th December 2024

MCX Gold spot prices are trading in higher top higher bottom formation. 73,300 remains strong support while any move above 79,400 could head prices towards 83,000/85,000 levels. From the period July - September 2024 prices have been taking resistance at 73,300. Now it is acting as a support. Once gold moves below this support, it may extend the fall towards 71,000.

MCX Silver spot weekly chart



Source: Bloomberg as on 24th December 2024

Silver prices, after giving tremendous breakout above 77,000 levels in the month of June 2024, prices are currently stuck in a range from 80,000 – 98,000 levels. As long as the breakout levels are protected on downside, outlook continues to remain positive. On the higher side, a move above 98,000 would likely to move prices towards 1,10,000 levels.

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