
Global central bank policy decisions this week to give fresh direction to gold prices

GLOBAL CENTRAL BANK POLICY DECISIONS THIS WEEK TO GIVE FRESH DIRECTION TO GOLD PRICES

- ▲ Gold is currently trading at \$1786, down from a recent high of \$1812.7 on October 28th. This week's key central bank meeting has put a halt to gold's rally, which is expected to gain direction after the outcome of interest rate and inflation decisions. The US Federal Reserve will meet on November 2-3, and it is expected to decide to reduce its enormous bond-buying programme. The Fed's preferred inflation indicator, the government's index of core personal consumption expenditures, increased by 4.4 percent, confirming market expectations for a rate hike around the middle of next year. On Tuesday, the Reserve Bank of Australia will make a policy decision, with markets questioning the central bank's claim that rates will not rise until 2024. In the meanwhile, the Bank of England will make a decision on Thursday.
- ▲ The net long of gold futures increased by 21211 contracts to 241560, according to the CFTC Commitments of Traders report for the week ended October 26. The number of speculative longs climbed by 13764 contracts, while the number of speculative shorts decreased by 7447 contracts.
- ▲ After market forecasts for Fed rate hikes by late 2022, the US dollar index found strength and pushed gold prices lower. Previously, markets were not anticipating the Fed to raise rates for the first time until early 2023. By the end of 2022, the market expects two rate hikes of +25 basis points. That would be a far higher rate hike than the ECB's expected rate hike of +20 basis points.
- ▲ In her post-meeting news conference, ECB President Lagarde did not fight back strongly enough against market expectations for ECB rate hikes of +20 basis points in 2022, which is hawkish and bearish for gold prices.
- ▲ The economic report from the United States on Friday was mixed for gold prices. Personal income dipped -1.0 percent m/m in September, below market forecasts of -0.3 percent, while personal spending grew +0.6 percent m/m, matching market expectations. The inflation statistics came in right on target. The September PCE deflator increased by 0.3 percent month over month and by 4.4 percent year over year, while the core deflator increased by 0.2 percent month over month and by 3.6 percent year over year.
- ▲ Meanwhile, the release of data on Monday weighed on gold prices. Factory activity in China increased at its quickest rate in four months in October, as new orders increased and power constraints began to alleviate. In October, the Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) reached 50.6, the highest level since June. In a Reuters poll, economists predicted that the index would remain at 50.0, unchanged from September.

Outlook

- ▲ Gold is likely to get fresh direction from global central banks meeting this week. Immediate support level is seen around \$1766 while critical resistance is near \$1806

DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: kamlesh.jogi@abans.co.in

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: info@abans.co.in | Website: www.abans.co.in

Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website www.abans.co.in Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
 - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
 - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
 - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
 - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on compliance@abans.co.in