
Gold prices are expected to benefit from a geopolitical concern.

GEOPOLITICAL ISSUE LIKELY TO SUPPORT GOLD PRICES

- Comex gold futures are currently trading near \$1841.25, up substantially in the last three weeks from a recent low of \$1781.30 in the first week of January.
- Geopolitical concerns over Russia-Ukraine are providing support to gold prices. A potential invasion of Ukraine by neighboring Russia would be felt across a number of markets. Gold is safe haven in case of global uncertainty due to geopolitical issues.
- Inflation at multi-decade highs and impending interest rate rises, US Federal Reserve meeting this week may hint to control inflation and rise in interest rate. Gold prices are negatively affected due to this. Two-year U.S. Treasury yields which track short-term interest rate expectations, rallied to a 23-month high last week. Global high yield and short-and-medium term bond funds faced net selling of \$2.63 billion and \$0.83 billion respectively, which marked a second straight week of outflows ahead of Fed meeting. According to a Reuters survey of analysts, the Federal Reserve will tighten monetary policy significantly more quickly than projected a month ago to confront persistently rising inflation. Gold is commonly regarded as an inflation hedge, yet it is extremely vulnerable to rising US interest rates. According to a Bloomberg survey of analysts, interest rates are expected to rise in March, June, September, and December, with the central bank announcing the start of a balance sheet reduction in July.
- The net long position in gold futures fell 5530 contracts to 194207, according to the CFTC Commitments of Traders report for the week ended January 18th. The number of speculative longs climbed by 426 contracts, while the number of shorts increased by 5956 contracts. The recent rise in gold prices is anticipated to be reflected in the upcoming weekly data as increase in long position.
- Additionally, the SPDR Gold Shares holdings increased by 3.30 percent to 1008.46 tonnes on January 21st, up from 976.22 tonnes on January 14th, signaling a good trend in the following weeks.
- The dollar and gold have maintained their safe-haven position as a result of the negative impact of the omicron Covid variant's global spread on global economic recovery. According to Johns Hopkins University, the global coronavirus caseload has reached 350.9 million, with over 5.59 million deaths and over 9.79 billion vaccines.
- On economic data front on Friday, Eurozone Jan consumer confidence fell -0.1 to -8.5, stronger than expectations of -9.0. Japan Dec national CPI ex-fresh food & energy fell -0.7% y/y, weaker than expectations of -0.6% y/y. U.S. Dec leading indicators rose +0.8% m/m, right on expectations and the biggest increase in 5 months.

Outlook

- Gold prices are expected to remain solid as long as they remain above critical support levels of \$1820 for the 20-day EMA and 1808 for the 50-day EMA. Around \$1872-\$1895, it is expected to face significant opposition.

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