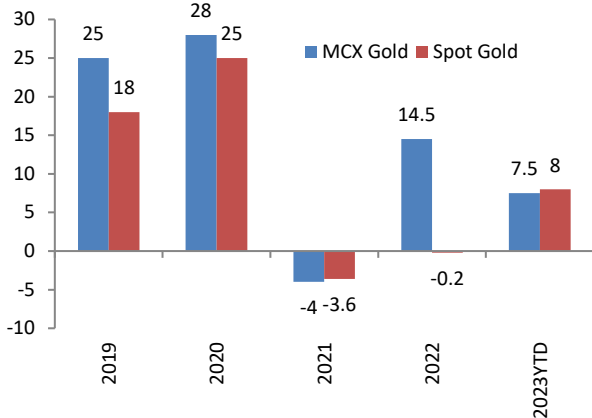


Price performance of Gold in 5 years



Source: Refinitiv, Angel One

Gold gains its lustre again in 2023

Gold has been a portfolio diversifier in long term time frame as the returns in gold balances the overall risk reward for any investor.

Gold returns in 2023 YTD as on 17th April 2023 stood at 7.5% on the MCX and 8% for Spot Gold in international markets.

However, the return in 2022 was not in favor of investors in dollar terms (-0.2%), despite the global uncertainty, the global equities fared better and the year 2022 neither experienced recession, defaults or bankruptcies or large scale lay offs.

On the MCX, the dollar rupee equation (**rupee depreciation of around 11%**) saved the investors, as gold futures were up by around 15 percent in 2022.

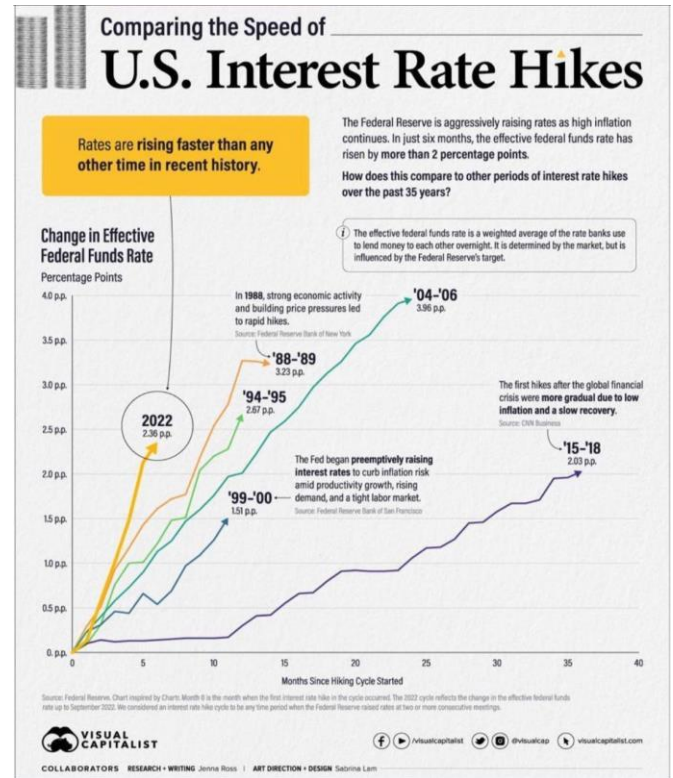
ETF's shows record inflows in March 2023

In March 2023, gold inflows record the highest monthly inflows since 2019, that reversed two weak months for global gold ETFs and futures investment.

Lower yields, a weaker dollar and safe-haven buying lifted the gold price in March by 9%, fuelled by the recent banking industry crisis in the US. This was a key contributor to net inflows into physically-backed gold ETFs during March 2023 as investors flocked to gold in bulk after 12 March, following the collapse of the Silicon Valley Bank. Global gold ETF total assets under management (AUM) rose by 10%, aided by both inflows and the gold price appreciation, to US\$220bn

by the end of March. Gold holdings increased by 32t to 3,444t.

Macros drive price of yellow metal



The pace of interest rate hikes in the US has never been so rapid and this is visible in the chart above wherein the rate hikes by the Central Banks have been faster and steeper.

The fast pace of interest rate hikes has led to cracks in the US banks. Unprecedented rate hikes have started to break things, most notably in small US banks and the commercial real estate sector. While contained for now, it represents an increasing risk of systemic escalation. Gold is an asset that needs to be accumulated at the time of macro-economic uncertainty.

Buy Gold on Akshay Tritiya

On the occasion of Akshay Tritiya (**22nd April 2023**), buying gold is considered to be auspicious and our advice to investors is to accumulate gold this festive season as the fundamental factors surrounding gold might reflect higher returns from a long-term perspective.

Inflows into ETF's, accumulation of Gold by Central Banks globally are signs that the performance of gold is here to stay in 2023.

Whatever is the scenario, the gold has been a go to asset class for investors in times of uncertainty and if one wants to benefit from the diversifying into gold, there are various ways to accumulate gold in India.

- 1) **Buying Physical gold-** Jewelry, ornaments, coins, bars
- 2) **Sovereign Gold Bonds** – Safe option to invest in gold, for longer term. Gives interest rate of 2.5% per annum
- 3) **ETF's-** Exchange Traded Funds are for those investors who are looking at divesting in gold as well as looking at liquid ways of investing in gold
- 4) **Gold Mutual Funds-** These options are for those investors who want a convenient way of investing in gold via- SIP route.

MCX GOLD – (CMP – Rs.60300/\$2000)



In the chart above, Gold continues to make new lifetime highs. Gold prices have been in consolidation from past two years, followed by “Higher Top- Higher Bottom” formation. In the yearly price chart it has broken the rectangle pattern, followed by “Bullish candlestick pattern” indicating further strength. As per moving average prices are trading above its 10 and 50 EMA (yearly basis), which shows optimism in

long term trend. Technical Indicators MACD is showing positive strength supporting the bull trend. RSI indicator also witnesses divergence between the price and the indicator leads to a volatility between long term trend and price action.

Gold prices have breached the rectangle chart pattern, and the height of the rectangle is measured and placed the same distance above the top of its upper parallel line expecting bullish momentum in prices.

Support could be seen at 56,400 to 55,900 (\$1880 - \$1860) levels. Below the levels, strong support could be observed at 50,600 (\$ 1690) levels.

Resistance could be seen at 68,000 to 68,500 (\$ 2,270 - \$ 2,290) levels. Above the levels, the next resistance levels would be at 72,200 (\$2,410) levels.

All Lagging indicators, short-term, shows optimism in long term trend. As a result, any correction towards the rectangle upper parallel line gives the buyer an opportunity to enter, where the previous broken resistance levels have now become support.

We expect gold prices (CMP: 60500/10gms) to move higher towards Rs.65000/68000/10 gms till next Akshay Tritiya and investors are advised accumulate on dips towards Rs.57000-58000/10 gms as an opportunity to accumulate the metal.

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