

## Fundamental News Impact On Gold

### **Gold Has Worst Day Since Aug on Covid Vaccine Progress**

Gold plunged 5% for its biggest meltdown in a day since August after Pfizer's announcement of progress in its Covid-19 vaccine program surprised markets, redirecting money from havens into risk assets. On 9<sup>th</sup> November New York-traded gold for December delivery settled down the day down \$97.30, or 5%, at \$1,854.40 per ounce. It fell more than \$103 per ounce at the height of the sell-off that took it to a near four-month low of \$1,848.30. It was the worst one-day liquidation in gold since early August. Pfizer announced that a Covid-19 vaccine candidate it developed jointly with BioNTech SE proved more than 90% effective in the latest trials. It also said it expected to produce up to 50 million doses of its vaccine in 2020 and up to 1.3 billion in 2021.

### **The gold market has been filled with uncertainty for the past seven years.**

The gold market has been filled with uncertainty for the past seven years. Large institutions have been selling naked paper shorts to depress the price of gold. Now commercials, which are primarily central banks, have committed about \$39 billion on the short side of the gold market. The number of contracts that they had short was far beyond any annual production of gold. On September 1, the high was about \$2001. Gold then entered into an area that the VC PMI recognized as a high probability of supply coming into the market or sellers. Every time the price of gold rises, it gets clobbered by massive amounts of short selling, which has nothing to do with the underlying supply and demand or production. Since then, gold traders have been challenging the artificial supply that comes into the market when the price is just about to break out to the upside or make a new high. From \$1900 in 2011, they drove the price down to about \$1167 in August 2018. In March 2020, gold fell about \$200 down to \$1454 from about \$1700 in a brief time. This marked a change in paradigm in gold.

### **Goldman Sachs argues that gold has much more upside to come next year**

The firm says that while gold may trade more range bound in the next few months, there will be further upside in bullion as it is bought as a hedge against dollar debasement. Adding that it expects gold to be more sensitive to moves in shorter-term real rates, similar to how currency markets behave. Besides that, the firm says that there is evidence of growing demand in large emerging market consumers and they see this trend continuing into next year. As such, it is maintaining a three-month, six-month, and twelve-month target of \$2,300 for gold.

CMP: 50,800

SELL BELOW: 49500

STOP LOSS: 51000

TARGET: 47500/47000



Comex Gold price is trading under a descending triangle pattern which shows the near term trend remains under pressure for the prices.

Price is hovering around the key support zone of \$1848 – \$1863 after prices tumbled over 5 percent at the last week. This is keeping the bearish ‘Death Cross’ in play after the 20-day Simple Moving Average (SMA) crossed under the 50-day one.

Somehow price managed to sustain near the previous swing low of \$1845 level. Breakout above the immediate resistance zone of \$1880 may push prices towards \$1900 level, which would act as a strong resistance level where 100 SMA (Simple moving average) lies.

MCX Gold price has seen smart recovery after testing the levels of near Rs 49500. Strong resistance zone is seen around Rs 51000 level on hourly chart , where it retraced up till 50 % level of its previous fall from 52400 till 49500 level on hourly chart. We expect Gold prices to remain under pressure in coming few weeks .Traders can initiate short positive is it gives a daily close below 49500 level for the target of 47500/47000 in coming few week.

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