MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

GOLD

Market Outlook and Fundamental Analysis:

Bullion Index seen seesaw movement in Dec with price gain initially, than fall in mid of the month and again some recovery seen in later part of the month Dec to register straight 2nd monthly fall by inch above 1%. Price seen support from safe haven buying after ongoing geopolitical tension & new elected US president likely policy for trade war land investment in bullion as safe assets. Other side more FED rate cut expectations in coming year, continue central bank buying and positive ETF flow into Bullion in 2024, first time after few years support bullion in Dec. however, rally in dollar index as well US Bond yield pressure bullion at every high while surprise rally in Crypto currency also divert some attention from bullion towards riskier assets pressure bullion in Dec. Bullion generally remains positive during geopolitical as well financial crisis and gold is known as a safe investment during economic and geo-political crisis, but a high-interest rate environment makes the non-yielding asset less attractive to investors in last year and still this will play a vital role to decide prices in months to come. Other side Silver also get boost from Gold as well rally in base metals after top metal consumer China announce list of Stimulus to revive economy support prices at every dip. For the month of Dec bullion index fall by 1% while Gold future gain marginally 0.5% against Silver down more than 3%.

On yoy basis Bullion index register consecutive 3rd yearly gain in 2024 by more than 15% while Spot gold & Silver rally more than 25% each. Overall, 2024 marked a remarkable year for gold, with a 39% increase in trading volumes and the strongest annual price performance since 2010, setting new all-time highs 40 times during the year. In 2024, the Fed's rate-easing cycle, robust central bank purchases and mounting geopolitical tensions propelled bullion to multiple record highs

Dollar Index gain 6.6% in 2024 while Yen at five-month lows in fourth year of declines. Traders are pricing in 37 bps of U.S. rate cuts in 2025, with no reduction fully priced into money markets until June, by which time the ECB is expected to have lowered its deposit rate by a full percentage point to 2% as the euro zone economy slows.

U.S. 10-year Treasury yields rose roughly 60 basis points in 2024, Britain's 10-year gilt yield jumped 100 bps and 10-year German yields added 16 bps. In Japan, where interest rates rose twice this year as inflation accelerated, the 10-year bond yield added 45 bps in its biggest yearly jump since 2003. Next year looks challenging for bond markets uncertain about how Trump's policies will sway the U.S. Federal Reserve. French debt turmoil last month also signaled the so-called bond vigilantes stand ready to punish governments for excessive borrowing. Lebanon's defaulted dollar bonds returned around 100% over the year as investors anticipated Middle East conflict weakening armed group Hezbollah.

Currencies in Egypt and Nigeria , fell around 40% against the dollar following devaluations, and Brazil's real weakened more than 20% as worries about government debt and spending intensified . A sparse set of mild annual gains included a 2% rise for Malaysia's ringgit . Among the top performers South Africa's rand , the Hong Kong dollar , and Israel's shekel hovered near unchanged for the year.

In 2024, Gold ETFs recording the first annual inflow since 2019, driven by heightened geopolitical uncertainties, central banks' easing cycles, and record-breaking gold prices. Total assets under management (AUM) surged by 26% to an all-time high of US$271bn, despite a marginal 0.2% decline in collective holdings. A net inflow of US$3.4bn across global physically backed gold ETFs underscored growing investor interest, especially in Asia, with North American funds posting their first positive flow since 2020 and European outflows narrowing significantly compared to 2023. In December 2024, global gold ETFs reversed their trend with inflows of US$778mn, marking the first positive December since 2019.

The reality of US President-elect election victory on a platform of aggressive tariffs and deportation of some immigrants landed hard at the Federal Reserve's meeting last month, with U.S. central bank officials raising new inflation concerns and staff suggesting the incoming administration's plans may slow economic growth and raise unemployment. Amid an otherwise sanguine outlook of continually slowing inflation, participants at the Dec. 17-18 meeting "noted that recent higher-than-expected readings on inflation, and the effects of potential changes in trade and immigration policy, suggested that the process could take longer than previously anticipated," according to minutes of that session. That uncertainty, along with the full percentage point in interest rate cuts delivered by the central bank's policy-setting Federal Open Market Committee in 2024, added to arguments for pausing further reductions in borrowing costs.

World stocks are set for a second consecutive annual gain of more than 17% in 2024, unfazed by wars in the Middle East and Ukraine, Germany's economic contraction and government collapse, French budget chaos and China's slowdown. That comes mostly thanks to a second year of huge gains for Wall Street stocks as artificial intelligence fever and robust economic growth sucked more global capital into U.S. assets and took the dollar up 7% against peers in 2024. U.S. exuberance rose after Donald Trump's Nov. 5 election win, as traders focused on the President-elect's plans for tax cuts and deregulation, with the surge in animal spirits propelling cryptocurrency bitcoin to a 128% annual gain.

Investor allocations to U.S. equities has hit a record high this month, at the expense of European stocks, commodities and cash, according to a December survey from BofA Global Research. Allocations to cash are at its lowest since at least April 2001, to commodities, at the lowest since June 2017 and investors have the biggest underweight in European stocks since October 2022. That means investors are the most overweight U.S. equities relative to the euro zone since June 2012, the time of the sovereign debt crisis in the single-currency bloc.

US Nonfarm payrolls, a gaunge to interest rates decision shows, U.S. job growth unexpectedly accelerated in December while the unemployment rate fell to 4.1% as the labor market ended the year on a solid footing, reinforcing the Federal Reserve's cautious approach to interest rate cuts this year. Nonfarm payrolls increased by 256,000 jobs last month after rising by a downwardly revised 212,000 in November against Reuters had forecast payrolls advancing by 160,000 jobs following a previously reported 227,000 surge in November. Estimates for December's job count ranged from 120,000 to 200,000 positions added. The economy is expanding at well above the 1.8% pace that Fed officials regard as the non-inflationary growth rate. Average hourly earnings increased 0.3% last month after gaining 0.4% in November. In the 12 months through December, wages advanced 3.9% after rising 4.0% in November.

U.S. private payrolls growth slowed sharply in December, the ADP National Employment Report showed. Private payrolls rose by 122,000 jobs last month after increasing by an unrevised 146,000 in November against Reuters had forecast private employment rising by 140,000. A slowdown in job growth is anticipated in December after being boosted in November by fading disruptions from hurricanes and strikes by factory workers at Boeing and another aerospace firm.

The number of Americans filing new applications for jobless benefits unexpectedly fell last week of Dec, pointing to low layoffs at the end of 2024, consistent with a healthy labor market. Initial claims for state unemployment benefits dropped 9,000 to a seasonally adjusted 211,000 for the week ended Dec. 28, against Reuters had forecast 222,000 claims for the latest week.

The U.S. central bank cut interest rates on 18-Dec, as expected by 25 bps to 4.25%-4.50% range, but Federal Reserve Chair Jerome Powell said more reductions in borrowing costs now hinge on further progress in lowering stubbornly high inflation, remarks that showed policymakers are starting to reckon with the prospects for sweeping economic changes under a Trump administration. "I think we're in a good place, but I think from here it's a new phase and we're going to be cautious about further cuts," Powell said at a press conference. The new projections show officials expect the personal consumption expenditures price index excluding food and energy costs, or core PCE, to be stuck at 2.5% through 2025, an improvement over this year's 2.8% but significantly higher than the Fed's 2% target. Going into this week's meeting the central bank had been widely expected to deliver a "hawkish" rate cut by estimating roughly half the policy easing in 2025 than the 100 basis points policymakers had projected three months ago. Powell even said the decision to lower the policy rate to the 4.25%-4.50% range this time was a "closer call" than implied by financial markets that considered the cut a near certainty ahead of the meeting.

Norway's central bank held its policy interest rate unchanged at a 16-year high of 4.50% on 19-Dec, as expected, and said it now planned to cut rates three times in 2025, down from four cuts seen previously. The policy rate is now expected to decline to 3.75% by the end of 2025, Bache said. Norges Bank, and analysts in a Reuters poll, had earlier forecast a decline to 3.50% next year. Sweden's central bank cut its key interest rate by quarter of a percentage point to 2.50% as expected on 19-Dec, but said that after easing policy five times this year, it saw reasons to be more cautious as it enters 2025. The Swedish economy has been treading water for the past two years after the Riksbank jacked up rates to fight surging inflation - which peaked at around 10% in late 2022. The central bank started cutting rates again in May and inflation is now below its 2% target. But while households and businesses remain wary about spending, inflation has edged up again in recent months. "If the outlook for inflation and economic activity remains unchanged, the policy rate may be cut once again during the first half of 2025," the Riksbank said in a statement. The Swiss National Bank, which has been at the forefront of monetary easing, cut rates by an unexpectedly large 50 basis points (bps) to 0.5% on 12-Dec, the lowest since November 2022 and the bank's biggest reduction in almost a decade. Swiss annual inflation was most recently reported at just 0.7% and the SNB, which is alert to the safe-haven Swiss franc strengthening beyond levels domestic exporters can bear, said it could reduce borrowing costs again next year.

The Bank of England wrapped up a big year of central bank rate cuts by keeping rates steady on Thursday, a day after the Federal Reserve eased policy but suggested it would be more cautious in 2025. Seven of the world's 10 major, developed-market central banks cut rates this year, with only Australia and Norway still on hold. Japan, the outlier, is in hiking mode. The European Central Bank cut interest rates for the fourth time this year on 12-Ded and kept the door open to further easing ahead as inflation closes in on its goal and the economy remains weak. The central bank for the 20 countries that share the euro reduced the rate it pays on bank deposits, which drives financing conditions in the bloc, to 3.0% from 3.25%. It was at a record 4.0% only in June. It also signalled that further cuts are possible by removing a reference to keeping rates "sufficiently restrictive", economic jargon for a level of borrowing costs that curbs economic growth. With Thursday's decision, the ECB also cut the rate at which it lends to banks for one week - to 3.15% - and for one day, to 3.40%.

The Bank of Canada cut rates by 50 bps to 3.25% on 11-Dec, marking the first time since the COVID-19 outbreak that it has implemented consecutive half-point cuts. It indicated further easing would be gradual after annual inflation accelerated to 2%, but with Canada's weak economy threatened by U.S. President-elect Donald Trump's proposed tariffs, markets placed 70% odds on a 25 bps cut next month.

The Hong Kong Monetary Authority (HKMA) on 19-Dec charged via the overnight discount window by 25 basis points to 4.75%, tracking a move by the U.S. Federal Reserve. Major Hong Kong banks followed with reductions, but some at a smaller magnitude. HSBC cut its Hong Kong dollar best lending rate by 12.5 basis points to 5.25% and Bank of China (Hong Kong) lowered its Hong Kong dollar prime rate to 5.25% from 5.375%. Hong Kong's financial and monetary markets continue to operate in a smooth and orderly manner, while market liquidity conditions remain stable and the Hong Kong dollar exchange rate is steady, HKMA said.

US President-elect pledged big tariffs on the United States' three largest trading partners - Canada, Mexico and China - detailing how he will implement campaign promises that could trigger trade wars. Trump, who takes office on Jan. 20, said he would impose a 25% tariff on imports from Canada and Mexico until they clamped down on drugs, particularly fentanyl, and migrants crossing the border, in a move that would appear to violate a free-trade deal. Trump separately outlined "an additional 10% tariff, above any additional tariffs" on imports from China. It was not entirely clear what this would mean for China as he has previously pledged to end China's most-favored-nation trading status and slap tariffs on Chinese imports in excess of 60% - much higher than those imposed during his first term. A Chinese embassy spokesperson in Washington said China believed that China-U.S. economic and trade cooperation was mutually beneficial. "No one will win a trade war or a tariff war," Liu Pengyu said.

The U.S. Federal Reserve said, it was considering major changes to its annual bank "stress tests" in light of recent legal developments, including allowing lenders to provide comment on the models it uses, in a major victory for Wall Street banks. The Fed said it may also allow lenders to provide input on the hypothetical scenarios it uses for the annual bank health checks, and it may also average results over two years to reduce annual volatility in how much capital banks must set aside to absorb potential losses. The Fed said the proposed changes were not designed to affect overall capital requirements, but followed recent court rulings that have significantly changed the framework of administrative law in recent years.

Meanwhile, China's gold reserves stood at 73.29 million fine troy ounces at the end of December as the central bank kept buying gold for a second straight month, official data showed. China is the world's leading consumer of gold, its net gold imports via Hong Kong in November more than doubled from October, marking the highest level in seven months, Hong Kong Census and Statistics Department data showed. The world's top gold consumer imported a net 33.074 metric tons in November, up 115% from 15.414 tons in October, its highest level since April 2024. Total gold imports via Hong Kong were up 60% at 45.22 metric tons from October, posting its highest level in eight months. China's central bank resumed buying gold for its reserves in November after a six-month pause, according to official data.

The Office for National Statistics lowered its estimate for the change in UK GDP output to 0.0% in the July-to-September period from a previous estimate of 0.1% growth. The ONS also cut its estimate for growth in the second quarter to 0.4% from a previous 0.5%. The Bank of England last week forecast that the economy would not grow in the fourth quarter. But it kept borrowing costs on hold because of the risks still posed by inflation. A separate survey from Lloyds Bank showed confidence among businesses fell to its lowest level of 2024 in December. The ONS said there was no growth in the services sector in the third quarter. A 0.7% increase in construction was offset by a 0.4% fall in production. The ONS said Britain's current account deficit shrank to 18.1 billion pounds in the third quarter from 24 billion pounds in the April-to-June period.

The Bank of England kept its main interest rate unchanged at 4.75% on Thursday but policymakers became more divided about whether rate cuts were needed to tackle a slowing economy. Three of the BoE's 9-person Monetary Policy Committee - Deputy Governor Dave Ramsden and external members Swati Dhingra and Alan Taylor - voted for a quarter-point rate cut to 4.5%. But BoE Governor Andrew Bailey said the central bank needed to stick to its existing "gradual approach" to cutting rates.

Britain's economy shrank for a second month in a row in October in the run-up to the government's first budget, the first back-to-back falls in output since the onset of the COVID-19 pandemic, and a setback for new finance minister Rachel Reeves. Gross domestic product contracted by 0.1% month-on-month in October, as it did in September, the Office for National Statistics said. It was the first consecutive drop in monthly GDP - which is volatile and prone to revision - since March and April 2020, when Britain enforced its first coronavirus lockdown. The National Institute of Economic and Social Research, a leading think tank, said it expected the economy would stagnate in the fourth quarter of 2024.

Factory activity in Asia and Europe ended 2024 on a soft note as expectations for the new year soured amid growing trade risks from a second Donald Trump presidency and China's fragile economic recovery. A manufacturing slowdown in the euro zone intensified last month, with scant signs of a rebound anytime soon as the bloc's three largest economies - Germany, France and Italy - remained stuck in an industrial recession. Manufacturing purchasing managers' indexes for December from across Asia showed factory activity slowing in China and South Korea although there were some signs of a pickup in Taiwan and Southeast Asia.

In Europe, HCOB's euro zone manufacturing Purchasing Managers' Index, compiled by S&P Global, dipped to 45.1 in December, just under a preliminary estimate and further below the 50 mark separating growth from contraction, where it has been since mid-2022. In

Britain, outside the European Union, factory activity shrank at the quickest rate in 11 months and firms reduced staffing levels due to higher taxes and weak foreign demand.

Hong Kong's November retail sales fell 7.3% by value from a year earlier, reflecting a change in consumption patterns and the relatively strong Hong Kong dollar. Sales fell to HK$31.7 billion ($4.08 billion) in a ninth consecutive month of decline after a revised 2.8% drop in October. In volume terms, November retail sales fell 8.3% from a year earlier, compared with a revised 4.8% fall in October. For the first 11 months of 2024, total retail sales value decreased 7.1% compared to the same period in 2023, while the volume of total retail sales fell 8.7%, according to provisional estimates.

The Bank of Japan kept interest rates unchanged on Dec-19 and its governor offered few clues on how soon it could push up borrowing costs, sending the yen and bond yields tumbling on fresh doubts over the near-term chances of a rate hike. As widely expected, the nine-member board maintained its short-term policy rate at 0.25% in a sign policymakers preferred to tread cautiously amid uncertainty over U.S. president-elect economic plan. BOJ Governor Kazuo Ueda reiterated the central bank's resolve to keep raising rates from their current very low levels if the economy and prices move in line with its forecasts. The BOJ holds its next policy meeting on Jan. 23-24. The central bank's report on regional economies, due on Jan. 9, will offer clues on whether wage hikes are broadening out and taking root among smaller firms. Japan's economy expanded an annualised 1.2% in the three months to September, slowing from the previous quarter's 2.2% increase, with consumption up a feeble 0.7%.

Japan's factory activity shrank at a slower pace in December as declines in production and new orders eased, a private-sector survey showed, edging closer to stabilisation after recent falls. The final au Jibun Bank Japan manufacturing PMI rose to 49.6 in December, indicating the softest contraction in three months. The index was slightly higher than 49.5 in the flash reading and 49.0 in November but stayed below the 50.0 threshold that separates growth from contraction for the sixth straight month. Manufacturers stayed confident about their outlook as they expect business to expand thanks to the launch and mass production of new products.

Bank of Japan policymakers agreed in October to keep raising interest rates if the economy moves in line with their forecast, but some stressed the need for caution on uncertainty over U.S. economic policy, minutes of the meeting showed. The debate highlights how overseas economic risks, particularly those surrounding the new U.S. administration's policies, will be key to how soon the BOJ will hike rates. The BOJ left interest rates steady at 0.25% at the October meeting but projected inflation to move around its 2% target in the coming years, signalling that it was on track to hike borrowing costs in the near-term horizon. While the board confirmed the view the BOJ would continue to raise rates if its economic and price projections were met, many called for vigilance to various risks, the minutes showed.

Japan's core inflation accelerated in November as rising food and fuel costs hit households, data showed on Friday, keeping the central bank under pressure to raise interest rates. The nationwide core consumer price index (CPI), which includes oil products but excludes fresh food prices, rose 2.7% in November from a year earlier, government data showed, roughly in line with a median market forecast for a 2.6% gain. It accelerated from a 2.3% rise in October due partly to stubbornly high prices of rice and the phase-out of government subsidies to curb utility bills.

Core inflation in Japan's capital accelerated in December while services inflation held steady, keeping alive market expectations for a near-term interest rate hike. Factory output, however, fell in November for the first time in three months, suggesting that softening overseas demand was taking a toll on the export-reliant economy. The Tokyo core consumer price index (CPI), which excludes volatile fresh food costs, rose 2.4% in December from a year earlier, compared with a median market forecast for a 2.5% gain. It followed a 2.2% year-on-year rise in November.

South Korea's factory output fell more sharply than expected in November, amid slowing exports and weakening business confidence. The industrial output index fell 0.7% over the month on a seasonally adjusted basis, after no change in the prior month and compared with a fall of 0.4% forecast in a Reuters poll. On an annual basis, the index was up 0.1%, according to Statistics Korea, slower than gains of 6.3% the month before and 0.4% expected by economists.

Taiwan export orders grew more slowly than expected in November as weaker shipment for smartphones offset strong demand for artificial intelligence technology amid softness from China. Export orders rose 3.3% last month to $52.27 billion from a year earlier, the economy ministry said. That lagged the 6.3% gain forecast in a Reuters poll and October's expansion of 4.9%, but marked the ninth straight month of growth. However, the momentum could be offset by factors such as geopolitical tensions and U.S.-China technology disputes, it added. The ministry said it expects export orders in December to rise between 13% and 17.5% year-on-year.

New Zealand's economy sank into recession in the third quarter as activity dived far more sharply than expected and output in the prior quarter was slashed, a dire result that cements the case for more aggressive rate cuts. Gross domestic product dived 1.0% in the September quarter from the prior quarter, dwarfing market forecasts of a 0.2% contraction. Markets added to wagers the Reserve Bank of New Zealand would slice rates further, having already cut by 125 basis points to 4.25%. Swaps now implied a 70% probability of a 50-basis-point cut in February, and rates were seen declining to 3.0% by the end of 2025. The June quarter was revised to show a fall of 1.1%, and two straight quarters of decline is the technical definition of recession. Setting aside the pandemic, this was the largest two-quarter decline since the painfully deep downturn of 1991.

On data side, U.S. consumer spending increased in November amid strong demand for a range of goods and services, underscoring the economy's resilience. Consumer spending, which accounts for more than two-thirds of U.S. economic activity, rose 0.4% last month after a downwardly revised 0.3% gain in October and against Reuters had forecast consumer spending advancing 0.5% after a previously reported 0.4% rise in October. When adjusted for inflation, consumer spending rose 0.3% after edging up 0.1% in October. In the 12 months through November, so-called core prices increased 2.8% after advancing by the same margin in October. The Fed tracks the PCE price measures for its 2% inflation target. It hiked its policy rate by 5.25 percentage points between March 2022 and July 2023. U.S. single-family homebuilding rebounded in November as the drag from hurricanes faded, but the threat of tariffs on imported goods and potential labor shortages from mass deportations could hamper new construction next year. Single-family housing starts, which account for the bulk of homebuilding, jumped 6.4% to a seasonally adjusted annual rate of 1.011 million units last month. Data for October was revised to show homebuilding declining to a rate of 950,000 units from the previously reported pace of 970,000 units. Permits for future construction of single-family housing rose 0.1% to a rate of 972,000 units in November. U.S. retail sales increased more than expected in November amid acceleration in motor vehicle and online purchases, consistent with strong underlying momentum in the economy as the year winds down. Retail sales jumped 0.7% last month after an upwardly revised 0.5% gain in October, against Reuters had forecast retail sales, which are mostly goods and are not adjusted for inflation, advancing 0.5% after a previously reported 0.4% rise in October. Estimates ranged from a 0.1% dip to a 1.0% surge. Retail sales increased 3.8% year-on-year in November. U.S. manufacturing production rebounded less than expected in November as the boost from motor vehicle output was partially offset by persistent weakness in the aerospace industry, despite the end of a crippling strike by factory workers at Boeing. Factory output increased 0.2% last month after a downwardly revised 0.7% decline in October.

Separately, Hong Kong's securities regulator approved four cryptocurrency exchanges in the city's latest effort to stay competitive in a race to become a global centre for digital asset trading. Hong Kong has been promoting itself as a hub for assets such as cryptocurrencies in an effort to maintain its attractions as a financial centre. The Hong Kong Securities and Futures Commission said it had granted licences to Accumulus GBA Technology (Hongkong) Co., DFX Labs Company, Hong Kong Digital Asset EX, and Thousand Whales Technology (BVI). This brings the total licensed virtual asset trading platforms in the city to seven. Hong Kong previously approved three trading platforms - HashKey, OSL and HKVAX.

Global economic growth is projected to remain at 2.8% in 2025, unchanged from 2024, held back by the top two economies, the U.S. and China, according to a United Nations report released. The World Economic Situation and Prospects report said that "positive but somewhat slower growth forecasts for China and the United States" will be complemented by modest recoveries in the European Union, Japan, and Britain and robust performance in some large developing economies, notably India and Indonesia. "Despite continued expansion, the global economy is projected to grow at a slower pace than the 2010–2019 (pre-pandemic) average of 3.2%," according to the report by the U.N. Department of Economic and Social Affairs. "Despite continued expansion, the global economy is projected to grow at a slower pace than the 2010–2019 (pre-pandemic) average of 3.2%," according to the report by the U.N. Department of Economic and Social Affairs. It said growth in China was estimated at 4.9% for 2024 and projected to be 4.8% this year with public sector investments and a strong export performance partly offset by subdued consumption growth and lingering property sector weakness. India, the largest economy in South Asia, is forecast to grow by 6.6% in 2025 and 6.8% in 2026, driven by robust private consumption and investment.

The World Bank raised its forecast for the world's second-biggest economy China's economic growth in 2024 and 2025, but warned that subdued household and business confidence, along with headwinds in the property sector, would keep weighing it down next year. Country has struggled this year, mainly due to a property crisis and tepid domestic demand. An expected hike in U.S. tariffs on its goods when U.S. President-elect Donald Trump takes office in January may also hit growth. Thanks to the effect of recent policy easing and near-term export strength, the World Bank sees China's gross domestic product growth at 4.9% this year, up from its June forecast of 4.8%. Although growth for 2025 is also expected to fall to 4.5% that is still higher than the World Bank's earlier forecast of 4.1%. Beijing set a growth target of "around 5%" this year, a goal it says it is confident of achieving.

India the world's fifth-biggest economy, forecast annual growth of 6.4% in the year ending in March, the slowest in four years and below the lower end of government's initial projection, dragged by a weaker manufacturing sector and slower corporate investments. India's had initially projected a growth rate of 6.5%-7%. The forecast by the National Statistics Office (NSO) follows several disappointing economic indicators in the second half of 2024 – including low growth, high inflation, anaemic capital flows and a record trade gap - that cast doubt on the robustness of the country's growth. Private consumption, which accounts for nearly 58% of GDP, was seen expanding by 7.3% year-on-year compared to 4% in the previous fiscal year.

India is the world's second-largest consumer of gold and relies on imports to meet most of its demand, has cut its November gold import estimates by an unprecedented $5 billion, the largest revision for any commodity in history, after errors in preliminary calculations inflated the figure to a record, government data showed. New Delhi said last month its gold imports hit a record high of $14.8 billion in November, more than doubling from $7.13 billion in October. The spike widened the country's merchandise trade deficit to a record $37.84 billion in November, exceeding economists' forecast of $23.9 billion and spooking financial markets. The country's gold imports in November were $9.84 billion, compared with a preliminary estimate of $14.8 billion published last month, data compiled by the Directorate General of Commercial Intelligence and Statistics (DGCIS) showed. Despite the revision of November numbers, the country spent a record $47 billion on gold imports in the first 11 months of 2024, surpassing the $42.6 billion spent during the whole of 2023, as gold prices jumped to a record high , the data showed.

Indian banks' financial position has stayed robust, marked by the sustained expansion in loans and deposits, while their gross bad loan ratio has dropped to multi-year lows, a central bank report showed. Banks' gross non-performing assets ratio (NPA), or the proportion of bad assets to total loans, slipped to an over-13-year low of 2.5% at end of September from 2.7% at end-March, the Reserve Bank of India (RBI) said in its 'Trend and Progress of Banking' report. Net bad loans of banks fell to 0.57% of total loans at September-end, from 0.62% at end-March, driven by stronger loan-loss buffers, the RBI report said. The asset quality of non-bank finance companies (NBFCs) also improved further in 2023-24 amid a sustained double-digit balance sheet growth, the central bank said. Banks have also cleaned up their balance sheets in recent years by selling bad loans to asset reconstruction companies or by writing them off.

India's growth trajectory is expected to pick up in the second half of 2024-25, driven by domestic private consumption and a sustained revival of rural demand, the central bank said in its monthly bulletin. Additionally, the prospects for agriculture and rural consumption are looking up due to "brisk" expansion of rabi sowing, it said. If inflation is allowed to run unchecked, it can undermine the prospects of the real economy, especially industry and exports, the RBI said. However, the usual winter easing of food prices is setting in and the prospects of private consumption and exports accelerating are getting brighter, it said in the bulletin. Global headwinds, however, pose risks to the evolving outlook for growth and inflation, it added.

The Reserve Bank of India sold a net of $9.28 billion in the spot foreign exchange market in October, data released as part of its monthly bulletin showed. The central bank said it purchased $27.5 billion and sold $36.78 billion during the month. It had bought a net of $9.64 billion in the spot market in September. The RBI intervenes in the spot and forwards market to curb exchange rate volatility. The local currency had depreciated by 0.3% against the U.S. dollar in October and traded in a broad range of 83.79 to 84.0950. The RBI's net outstanding forward sale stood at $49.18 billion as of October end, compared with a net sale of $14.58 billion at the end of the previous month, the data showed.

India's industrial output growth hit a six-month high of 5.2% year-on-year in November helped by a strong rise in output of consumer durables and capital goods. In October, these sectors had grown by 4.4%, 2% and 0.9%, respectively. Industrial output increased by 4.1% in the April-November period, compared to a revised 6.5% growth a year ago.

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India's manufacturing activity grew in December at its weakest pace for the year amid softer demand and despite easing cost pressures and strong jobs growth, a survey showed, dulling the outlook for the start of 2025. The HSBC final India Manufacturing PMI compiled by S&P Global, fell to 56.4 - the weakest since December 2023 and little changed from November's 56.5 but below expectations of a rise to 57.4.

India's fiscal deficit for April-November was 8.47 trillion rupees ($98.90 billion), or 52.5% of the estimate for the financial year. Net tax receipts for the first eight months of the current financial year were at 14.43 trillion rupees, or 56% of the annual target, compared with 14.36 trillion rupees for the same period last year, the data showed. Total government expenditure for the eight months was 27.41 trillion rupees, or about 57% of the annual goal. The government spent 26.52 trillion rupees in the same period last year.

India's July-September current account deficit narrowed marginally from a year earlier amid a rise in services exports, the central bank said. The current account deficit stood at $11.2 billion, or 1.2% of GDP, in the quarter, compared with a deficit of $11.3 billion or 1.3% of GDP in the same quarter a year ago, the Reserve Bank of India (RBI) said in a statement. India had logged a current account deficit of a $9.7 billion or 1.1% of GDP in April-June this year. India's net services receipts rose to $44.5 billion in July-September from $39.9 billion a year ago, the RBI said. India's balance of payments (BoP) was a surplus of $18.6 billion in July-September, compared with a surplus of $2.5 billion in the year-ago period, the RBI said.

On domestic Data update, India's dominant services sector ended 2024 on a high note as sustained demand boosted activity to a four-month high and led to strong hiring in December, while inflationary pressures eased, a survey showed. The HSBC final India Services PMI, compiled by S&P Global, rose to 59.3 in December from 58.4 in November, its highest since August but lower than a preliminary estimate of 60.8. India's infrastructure output grew 4.3% year-on-year in November, helped by strong construction activity. In October, infrastructure output, which makes up 40% of India's industrial production and tracks activity across eight sectors, grew at a revised 3.7%. In the April-November period, infrastructure output grew 4.2% compared with an 8.7% increase for the same period last year. India's wholesale inflation slowed in November to 1.89% year-on-year, easing from the previous month, due to a smaller increase in food prices, government data showed. The wholesale inflation rate, a proxy for producer prices, last month came in lower than the 2.2% forecast by economists in a Reuters poll, and down from a four-month high of 2.36% in October. India's retail inflation eased in November as soaring vegetable prices moderated, boosting expectations of an interest rate cut by the central bank at its next policy review amid concerns around slowing growth. Retail inflation eased in November to 5.48%, lower than 6.21% in the previous month and below a 5.53% forecast by economists in a Reuters poll. Core inflation, which excludes volatile items such as food and energy and is seen as a better gauge of domestic demand, was between 3.64% and 3.7%, compared to 3.7% in October, according to two economists.

MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

India's merchandise trade deficit in November widened to a record level, led by a surge in gold imports, while exports fell due to weaker global demand. The merchandise trade deficit in November stood at $37.84 billion, much higher than forecast of $23.9 billion, according to a Reuters poll. The deficit stood at $27.14 billion in October. India's merchandise exports in November fell 4.9% year-on-year to $32.11 billion, while imports surged by over 27% to $69.95 billion, data showed.

Going ahead, political and economic risks, non-dollar and yield-sensitive demand from de-dollarising central banks and investors seeking a hedge against fiscal instability, as well as sticky inflation, will support another year of gains for gold. Gold likely to continue its northward journey with record high prices on sight in 2024, when the fundamentals of a dovish pivot in U.S. interest rates, continued geopolitical risk, and central bank buying are expected to support the market. To makes bullion attractive assets class, we need to see stronger demand from investors, such as a pickup in ETF inflows, continue central banks buying and for all that weaker U.S. economic data and lower inflation is needed, so that the Fed sounds more dovish.

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

In COMEX GOLD is trading at $2691

Expected support and Resistance level for the month

Gold	S1	S2	R1	R2
COMEX/DG CX ($)	2625	2580	2730	2800
MCX (Rs.)	77900	76600	79200	80300

Mcx Trend seen Bearish as long R1 hold, while Sustain close below 77900 seen prices towards 76600.

SILVER

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Silver	S1	S2	R1	R2
COMEX/DG CX ($)	29.50	28.70	30.80	32.40
MCX (Rs.)	89900	88700	93700	95000

MCX trend seen Bearish as long hold R1, While Sustain below 9000-S1 seen towards 88700-87000.

CRUDE OIL

Market Outlook and Fundamental Analysis

Energy complex continue its range bound trading in second month Dec as Brent traded between small range of $4 between 71-75 and end with gain of 3% in Dec as demand likely to emerge this year with expected supply disturbance support prices added by monetary easing by global central banks and China stimulus to revive economy buyout crude at lower level. However pressure seen from OPEC+ decision not to cut production added by weak economic numbers especially from European country as well somehow China and lower off take from Importing country – all pressure energy complex. Benchmark Brent crude and WTI gain inch above 3% during Dec month while on yoy basis fall by almost 3% after sea saw trading seen through out 2024.

China, the world's biggest crude importer, crude oil imports fell 1.9% in 2024, data showed on Monday, the first annual decline in two decades outside of pandemic-induced falls, as tepid economic growth and peaking fuel demand dampened purchases. Imports totalled 553.4 million metric tons, equivalent to 11.04 million barrels per day (bpd), according to data from the General Administration of Customs. That compared with 2023's record 11.28 million bpd. Imports in December fell to 47.84 million tons, or 11.27 million bpd, from 11.81 million bpd in November and 11.39 million bpd in December 2023. China's demand for key transportation fuels barely grew in 2024, as rapid electrification of its vehicle fleet displaced gasoline while a property sector crisis and lackluster merchandise exports crimped demand for diesel. Exports of refined fuel products, which include diesel, aviation fuel, gasoline and marine fuel, totalled 58.14 million tons, down 7.2% from 2023, the data showed. December exports at 3.73 million tons were the lowest in 2024 as companies ran short of export quotas.

The volume of global crude exports in 2024 declined 2%, the first fall since the COVID-19 pandemic, shipping data showed, due to weak demand growth and as refinery and pipeline changes reshuffled trade routes. Global crude flows have been roiled for a second year by war in Ukraine and the Middle East, with tanker shipments rerouted and suppliers and buyers split into regions. Middle East oil exports to Europe declined and more U.S. oil and South American oil went to Europe. Russian oil that formerly went to Europe has been redirected to India and China. These shifts have become more pronounced as oil refineries have shut in Europe amid continued attacks on Red Sea shipping. Middle Eastern crude exports to Europe tumbled 22% in 2024, ship tracking data from researcher Kpler showed. In 2025, suppliers will keep grappling with falling fuel demand in major consuming centers such as China. Also, more countries will use less oil and more gas, while renewable energy will keep growing. China's imports fell about 3% last year with gains in electric and plug-in hybrid cars, and growing use of liquefied natural gas in its heavy trucking. In Europe, lower refining capacity and government mandates to reduce carbon have shaved crude imports by about 1%. Exports from Iraq declined 82,000 bpd and United Arab Emirates exports fell 35,000 bpd in 2024. Europe added 162,000 bpd from Guyana and 60,000 bpd from the U.S.

U.S. oil production rose 260,000 barrels per day (bpd) month-over-month to a record 13.46 million bpd in October as demand surged to the highest levels since the pandemic, data from the U.S. EIA data showed. U.S. oil output has grown rapidly this year as drilling operations became more efficient in the country, even as concerns of oversupply have weighed heavily on prices for the commodity amid weaker-than-expected demand growth, especially in China, the top oil importing nation. Year-over-year, U.S. oil production rose 2.3% in October. Annual oil production growth in the U.S. is tracking around 300,000 to 400,000 bpd in 2024, versus nearly a million bpd in 2023. Total U.S. oil demand rose by about 700,000 bpd from September to 21.01 million bpd in October, the highest since August 2019, EIA data showed. Demand for distillate fuels, which include diesel and heating oil, rose to 4.06 million bpd in October, the highest in a year. Natural gas production from U.S. Lower-48 states averaged 115.87 billion cubic feet per day (bcfd), up 1.2 bcfd from September, as Texas output rose to a record 36.49 bcfd.

China's oil consumption is set to peak by 2027, state refining giant Sinopec said, as diesel and gasoline demand weaken in the world's biggest oil importer, a slowdown that has rattled global oil markets this year. The 2027 peak will top out at no more than 800 million metric tons, or 16 million barrels per day of crude oil, Sinopec said. Last year, Sinopec forecast peak China oil demand, also at 800 million tons, around the middle of 2026-2030. The 800 million-ton peak compares with the 750 million tons to be consumed in 2024, when demand is on track to drop about 10 million tons from last year for just the second decline in two decades, Sinopec said. Diesel demand is expected to fall 5.5% to 174 million tons in 2025, as LNG-fuelled trucks accounted for 22% of truck sales in the first three quarters of 2024. Gasoline demand is set to decline 2.4% to 173 million tons in 2025, with electric vehicles displacing about 26 million tons or 15% of gasoline consumption. Of the three key refined products, only aviation fuel use is expected to grow next year, by 7% to 45.5 million tons.

By 2030, China's natural gas consumption is expected to reach 570 billion cubic metres (bcm) and plateau at around 620 bcm between 2035 and 2040. In last year's forecast, Sinopec put the plateau at 610 bcm by around 2040. Natural gas consumption is forecast at 458 bcm in 2025, up 6.6%, Sinopec added, attributing the growth to increased LNG use in the trucking sector, the addition of new gas power generating capacity, and stronger demand from the industrial and residential sectors.

Saudi Arabia's crude oil exports in October rose to their highest level in four months, data from the Joint Organizations Data Initiative (JODI) showed. Crude exports from the world's largest exporter in October rose by 0.174 million barrels per day (bpd) to 5.925 million bpd from 5.751 million bpd in September. At the same time, Saudi's production fell slightly to 8.972 million bpd from 8.975 million bpd in September. Saudi refineries' crude throughput was down by 0.019 million bpd to 2.737 million bpd, the data showed, while direct crude burning decreased by 156,000 bpd to 362,000 bpd.

China's crude oil imports in November hit a 14-month high, but much of the additional volume is likely to have ended up in storage as refinery processing remained subdued. China, the world's biggest crude importer, had a surplus of about 1.77 million barrels per day (bpd) in November, according to calculations based on official data. This is the second-biggest monthly surplus this year and behind only the 1.85 million bpd in August. China doesn't disclose the volumes of crude flowing into or out of strategic and commercial stockpiles, but an estimate can be made by deducting the amount of crude processed from the total of crude available from imports and domestic output. China's refineries processed 58.51 million metric tons of crude in November, equivalent to about 14.24 million bpd, according to data released by the National Bureau of Statistics. China imported 11.81 million bpd in November, the strongest month since August last year and up 14.3% from November 2023. Domestic output rose 0.2% in November from the year-earlier month to 4.20 million bpd.

EIA latest inventory data shows, U.S. crude stocks fell while gasoline and distillate inventories rose sharply as demand weakened in the week ending December 27, according to the EIA latest report. Crude inventories fell by 1.2 million barrels to 415.6 million barrels last week, the EIA said, compared with analysts' expectations in a Reuters poll for a 2.8 million-barrel draw. U.S. gasoline stocks rose by 7.7 million barrels in the week to 231.4 million barrels, the EIA said, far surpassing analysts' expectations in a Reuters poll for a 0.3 million-barrel build. Distillate stockpiles, which include diesel and heating oil, rose by 6.4 million barrels in the week to 122.9 million barrels, versus expectations for a 0.1 million-barrel drop, the EIA data showed. Both distillate and gasoline stocks posted their largest weekly builds in almost a year. Refinery crude runs rose by 41,000 barrels per day (bpd), and utilization rates rose by 0.2 percentage points in the week to 92.7%, according to the EIA. Net U.S. crude imports rose last week by 323,000 barrels per day, EIA said.

India, the world's third-biggest oil importer and consumer, is seeking private companies to build and operate a 2.5 million metric ton store for petroleum reserves at Padur in southern Karnataka state, according to a tender posted on the website of Indian Strategic Petroleum Reserve Ltd (ISPRL). ISPRL, which manages federal oil inventories, operates three strategic petroleum reserves (SPRs) in southern India with a combined capacity of about 5 million tons. Part of that capacity is used for commercial operations by companies including Abu Dhabi National Oil Co (ADNOC). India is also planning to build a 4 million ton SPR at Chandikhol in eastern Odisha state.

India's fuel demand rose 2.1% in December compared with the same month in 2023, data from the Petroleum Planning and Analysis Cell (PPAC) of the oil ministry showed. Consumption of fuel, a proxy for oil demand, totaled 20.67 million metric tons, the data showed. Sales of gasoline, or petrol, were up 10.8% from a year earlier at 3.3 million tons. Diesel consumption was up 6% on a yearly basis at 8.1 million tons in December.

India's November crude imports showed Middle Eastern oil at a 9-month high while Russia accounted for its smallest share in three quarters, ship tracking data obtained from sources showed. India's November crude imports showed Middle Eastern oil at a 9-month high while Russia accounted for its smallest share in three quarters, ship tracking data obtained from sources showed. in November shipped in 13% less Russia oil compared with October at 1.52 million barrels per day (bpd), about 32% of India's overall intake, the data showed. in November shipped in 13% less Russia oil compared with October at 1.52 million barrels per day (bpd), about 32% of India's overall intake, the data showed. India imported about 4.7 million bpd of oil in November, up 2.5% from October and up by 5% from a year earlier, the data showed. Russian continued to be the top oil supplier to India followed by Iraq and Saudi Arabia.

Russia pumped gas on Dec-12 to European customers via Ukraine for one of the last days before a key transit deal expires at the end of the year, marking the almost complete loss of Russia's once mighty hold over the European gas market. Supplies of Russian gas via Ukraine are due to stop from the early hours of Jan. 1 after the current five-year deal expires. Kyiv has refused to negotiate a new transit deal as its war against Russia approaches the end of a third year. Russia and the Soviet Union spent half a century building up a major share of the European gas market, which at its peak stood at 35%, but the war in Ukraine has all but destroyed that business for Gazprom, Russia's state-controlled gas giant. Moscow has lost its share to rivals such as Norway, the United States and Qatar since the 2022 invasion of Ukraine, which prompted the EU to cut its dependence on Russian gas.

Proceeds from oil and gas sales for Russia's federal budget in 2024 jumped by more than 26% to 11.13 trillion roubles ($108.22 billion). Oil and gas revenues have been the most important source of cash for the Kremlin, accounting for about a third to a half of total federal budget proceeds over the past decade. In 2023, weaker oil prices and a fall in gas exports reduced revenue by 24%.

Britain's gas storage levels are worryingly low, with less than a week's worth of gas in storage after a cold snap, energy company Centrica said. Much of Britain has been hit by cold weather and snow this week, ramping up demand for gas, which heats about 75% of the country's homes.

Separately, Nine out of ten new cars sold in Norway last year were powered by battery only, registration data showed, placing the country within reach of its target of only adding cars that are electric on the road by 2025. Fully electric vehicles accounted for 88.9% of new cars sold in 2024, up from 82.4% in 2023, data from the Norwegian Road Federation (OFV) showed.

Mexico's production of liquid hydrocarbon and natural gas in November fell to the lowest levels recorded all year and was well below last year's averages, official numbers published by the regulator showed. November was also the second month the country missed the 1.8 million barrel-per-day production target for crude oil and condensate, which President Claudia Sheinbaum has vowed to maintain during her six-year term. Mexico produced

1.747 million bpd of liquid hydrocarbon products in November, the numbers published late on Monday showed. Of this, 1.488 million bpd consisted of crude oil and 259,000 bpd condensate, a very low-density, very low-viscosity liquid hydrocarbon product that usually comes to the surface with natural gas. Mexico produced 3.531 billion cubic feet per day of natural gas, also the lowest level recorded all year.

Japan the world's second-largest importer of liquefied natural gas and a major consumer of Middle Eastern oil, wants renewable energy to account for up to 50% of its electricity mix by fiscal year 2040 with nuclear power taking up another 20%, according to a draft of its revised basic energy policy, as it makes a clean energy push while meeting rising power demand. Thermal power usage, particularly from inefficient coal-fired power plants, is set to decrease to between 30% and 40% of the mix by 2040 from 68.6% in 2023, although the draft energy policy does not specify the breakdown of coal, gas and oil.

The European Union has adopted a 15th package of sanctions against Russia over its invasion of Ukraine, including tougher measures against Chinese entities and more vessels from Moscow's so-called shadow fleet, the EU Commission said in a statement on 16-Dec. The new sanctions package adds 52 vessels from the shadow fleet that try to circumvent Western restrictions to move oil, arms and grains. It brings the total listed to 79.

Going ahead, Prices likely to be trade between weak global growth to cap demand against ongoing geopolitical tensions could provide support to prices. Other side, OPEC+, will be able to commit to the supply cuts they have pledged to prop up prices.

Technical Outlook:-

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Expected Support and Resistance level for the month

Crude	S1	S2	R1	R2
NYMEX/DG CX ($)	72.0	68.0	79.0	82.0
MCX (Rs.)	6600	6200	6850	7000

MCX trend seen bullish as long hold S1 While Sustain below 6600 seen towards 6300-6200.

Natural Gas

Technical Outlook:

On the Daily Chart MCX:

Sources – Ticker Plant and Bonanza Research

Natural Gas	S1	S2	R1	R2
MCX (Rs.)	323	288	368	380

MCX trend seen Bullish as long hold S1 - 319, While Sustain Close above 368 seen towards 380-385 belt.

Base Metals

Market Outlook and Fundamental Analysis

COPPER:

Base metal complex seen V-shape trading with negative return in Dec by 1.5% as for first half price fall sharply on demand concern, rally in dollar index while later on recovery seen on stimulus hope from top Metal consumer China and in expectations that US FED will continue easing monitory policy in next month buyout base metals at lower level. However on yearly basis for 2024 it gains marginally by 9%. The base metals index in domestic Future exchange fluctuates between 17247 – 18040 range to end with marginal fall of 250 points for Dec. Benchmark Copper future in domestic future exchange register consecutive 3rd monthly fall by 1% against Zinc & Lead down above 2% each while Aluminum almost flat after gain of straight 4-months for the month of Dec.

China world's second-biggest economy, manufacturing activity barely grew in December though services and construction recovered, an official survey showed, suggesting policy stimulus is trickling into some sectors as the economy braces for new trade risks. The National Bureau of Statistics (NBS) PMI slowed to 50.1 in December from 50.3 a month prior, staying above the 50-mark separating growth from contraction but missing a forecast of 50.3 in a Reuters poll. The new orders sub-index of the manufacturing PMI rose to 51.0 this month - an eight-month high - up from 50.8 in November. But the new export orders, employment, factory gate prices sub-indices all remained firmly in negative territory, the NBS said. The non-manufacturing PMI, which includes construction and services, rose to 52.2 this month, after it slowed to 50.0 in November. The NBS attributed the uptick to growth in China's financial services, telecommunications and travel sectors.

China's consumer prices barely rose in 2024 while factory-gate prices extended into a second straight year of declines, official data showed, weighed by persistently weak domestic demand. A combination of job insecurity, a prolonged housing downturn, debt and tariff threats from the incoming administration of U.S. President-elect Donald Trump has hit demand, even as Beijing ramps up stimulus. The full-year CPI rose 0.2%, in line with the previous year's pace and well below the official target of around 3% for last year, suggesting inflation missed annual targets for the 13th straight year. In December, the CPI crept up 0.1% year-on-year, slowing from November's 0.2% increase and the weakest pace since April and in line with forecasts in a Reuters poll. However, core inflation, which excludes volatile food and fuel prices, nudged up slightly to 0.4% last month from 0.3% in November, the highest in five months. Upstream, the producer price index fell 2.3% year-on-year in December, slower than the 2.5% fall in November and an expected 2.4% decline. Factory-gate prices have remained deflationary for 27 straight months.

China's services activity expanded at the fastest pace in seven months in December, driven by a surge in domestic demand, but orders from abroad declined, reflecting growing trade risks to the economy, a private sector survey showed. The Caixin/S&P Global services PMI rose to 52.2 in December from 51.5 the previous month. The growth pace was the fastest since May 2024, surpassing the 50-mark that separates expansion from contraction on a monthly basis. The survey showed the new business sub-index rose to 52.7 in December from 51.8 in November. However, new business inflows from abroad fell for the first time since August 2023.

Chinese authorities have agreed to issue 3 trillion yuan ($411 billion) worth of special treasury bonds next year, sources said, which would be the highest on record, as Beijing ramps up fiscal stimulus to revive a faltering economy. The plan for 2025 sovereign debt issuance would be a sharp increase from this year's 1 trillion yuan and comes as Beijing moves to soften the blow from an expected increase in U.S. tariffs on Chinese imports when Donald Trump takes office in January. The proceeds will be targeted at boosting consumption via subsidy programmes, equipment upgrades by businesses and funding investments in innovation-driven advanced sectors, among other initiatives, said the sources.

China will ramp up fiscal support for consumption next year by raising pensions and medical insurance subsidies for residents as well as expanding consumer goods trade-ins, its finance ministry said on 24-Dec. The country will boost the basic pension for retirees and for urban and rural residents and raise financial subsidy standards for urban and rural residents' medical insurance to help "vigorously" boost consumption, the ministry said after concluding a two-day national fiscal work conference. China will also intensify support for consumer goods trade-ins and expand effective investment and drive more social investment through government investment, the ministry said.

China announced more tools to support its weak currency, unveiling plans to park more dollars in Hong Kong to bolster the yuan and to improve capital flows by allowing companies to borrow more overseas. The People's Bank of China (PBOC) has tried other means to arrest the sliding yuan since late last year, including warnings against speculative moves and efforts to shore up yields. The PBOC raised the limits for offshore borrowings by companies, ostensibly to allow more foreign exchange to flow in.

China will reduce import tariffs on ethane and certain recycled copper and aluminium raw materials from next year, the government said month end. The Ministry of Finance announced adjustments to various import tariff categories, effective Jan. 1, aimed at increasing imports of high-quality products, expanding domestic demand and promoting high-level opening-up, it said in a statement. Import tariffs will also be reduced on items such as sodium zirconium cyclosilicate, viral vectors for CAR-T tumour therapy, and nickel-titanium alloy wires for surgical implants.

China left its benchmark lending rates unchanged as expected at the monthly fixing on 20-Dec. The one-year loan prime rate (LPR) was kept at 3.10%, while the five-year LPR was unchanged at 3.60%. China's central bank urged financial institutions to guard against interest rate risks when trading in bonds, signalling discomfort among policymakers over recent frenzied buying that has helped drive yields sharply lower. Widening yield spreads against the United States pressured the yuan to the weakest in more than a year. The gap between China's benchmark 10-year government bonds and their U.S. counterpart widened to the largest in 22 years. China has room to further cut the reserve requirement ratio, with the average RRR now at 6.6%, a central bank official said.

Chinese leaders agreed to raise the budget deficit to 4% of gross domestic product (GDP) next year, its highest on record, while maintaining an economic growth target of around 5%, sources said. The new deficit plan compares with an initial target of 3% of GDP for 2024, and is in line with a "more proactive" fiscal policy outlined by leading officials after December's Politburo meeting and last week's Central Economic Work Conference (CEWC), where the targets were agreed but not officially announced. The additional one percentage point of GDP in spending amounts to about 1.3 trillion yuan ($179.4 billion). More stimulus will be funded through issuing off-budget special bonds.

China's top leaders and policymakers are considering allowing the yuan to weaken in 2025 as they brace for higher U.S. trade tariffs as Donald Trump returns to the White House. The contemplated move reflects China's recognition that it needs bigger economic stimulus to combat Trump's threats of punitive trade measures, according to sources. Trump has said he plans to impose a 10% universal import tariff, and a 60% tariff on Chinese imports into the United States. The tightly managed yuan is allowed to move 2% on either side of a daily mid-point fixed by the central bank. Policy comments from top officials typically include commitments to keeping the yuan stable. The currency has lost nearly 4% of its value against the dollar since the end of September as investors positioned for a Trump presidency.

In one of their most dovish statements in more than a decade, Chinese leaders signalled on 10-Dec they are ready to deploy whatever stimulus is needed to counter the impact of expected U.S. trade tariffs on next year's economic growth. After a meeting of top Communist Party officials, the Politburo, officials said they would switch to an "appropriately loose" monetary policy stance, and "more proactive" fiscal levers. The previous "prudent" stance that the central bank had held for the past 14 years coincided with overall debt - including that of governments, households and companies - jumping more than 5 times. Gross domestic product (GDP) expanded roughly three times over the same period. The Politburo rarely details policy plans, but the shift in its message shows China is willing to go even deeper into debt, prioritising, at least in the near term, growth over financial risks.

Copper production at Chile's Codelco, the world's largest producer of the metal, was "slightly higher" in 2024 from the previous year, Chairman Maximo Pacheco said in an interview with a local newspaper. In the interview with Diario Financiero, Pacheco said production increased by 3,000 to 4,000 metric tons from 2023's 1.325 million tons. Chile is the world's second-largest lithium producer after Australia, but Codelco is building lithium production virtually from scratch. Codelco aims to begin construction in Maricunga in early 2027 and launch production in early 2030.

Peruvian copper production is expected to remain flat in 2025 for the third straight year, according to the country's top mining association and industry analysts, as declining ore grades and a lack of new projects cap output. The South American country is a global copper powerhouse, ranking third in production behind Chile and the Democratic Republic of the Congo, which unseated Peru from second place in 2023.

China major commodity Copper that had a more steady 2024, with imports of unwrought copper rising a modest 3.3% to 5.68 million tons. Since the record high of 6.68 million tons in 2020, China's copper imports have held in a fairly narrow range between 5.5 million and 5.87 million.

U.S. new-car sales in 2024 continued to rise from their pandemic lows, bolstered by replenished inventories and higher incentives. Sales are expected to top 15.8 million, the highest level since 2019, with General Motors.

Indian car dealers clocked a surprise 2% drop in sales in December, with high year-end discounts boosting demand only for a handful of showroom owners, a dealers' body said. Sales dropped to 293,465 units in the month from 299,351 units last year, according to data from the Federation of Automobile Dealers Association (FADA). FADA said the average time a car stayed in a showroom, or inventory days, receded to 55-60 days in December from 65-68 days in November as manufacturers moderated dispatches. Still, the level is below the FADA-recommended 21 days.

India's finished steel imports from China reached an all-time high during the first eight months of the fiscal year to March 2025, provisional government data showed, adding to concerns among domestic mills about cheap shipments from China. Total imports of finished steel were at an eight-year high with India, the world's second-biggest crude steel producer, a net importer during the period. India shipped in 6.5 million metric tons of finished steel, a 26.6% increase year-on-year, the data showed. China sent 1.96 million metric tons of steel to India during April-November, up 22.8% year-on-year, the data showed. Finished steel imports from Japan also reached at least a six-year high during April-November, with imports more than doubling to 1.4 million metric tons, according to the data. China, Japan and South Korea accounted for 79% of India's total finished steel imports during the period. Hot-rolled coils were the most imported steel product during the period, while bars and rods topped imports in the non-flat product category. India became a net steel importer in the financial year that ended in March 2024, and imports have steadily increased since then. Finished steel exports during April-November fell to an eight-year low, the data showed. Italy was the largest export market for India's finished steel, but shipments fell 31.8% year-on-year.

Some Japanese aluminium buyers have agreed to pay a global producer a premium of $228 per metric ton over the benchmark price for shipments from January to March, up 30% from this quarter, according to sources. The fourth consecutive quarterly increase, the figure exceeds the $175 per ton paid in the quarter from October to December. It is also the highest premium since 2015, though slightly lower than the initial offers of $230-$260 made by producers.

Going ahead, weak economic numbers, demand concern from top consuming countries weigh on process for short term while FED rate cut expectation which might revive demand for base metals and any fall in dollar index will support base metals at every dip.

MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

Base Metals

TECHNICAL OUTLOOK:

COPPER:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level for the month

Copper	S1	S2	R1	R2
MCX	821	810	837	857

MCX trend seen bullish as long hold S1, While Sustain above 837 seen towards R2-860 belt.

MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

LEAD:

Technical Outlook:

Sources – Ticker Plant and Bonanza Research

Expected support and Resistance level for the month

Lead	S1	S2	R1	R2
MCX	176.0	174	180	183

MCX trend seen bearish as long hold 180 while Sustain Close below 176 seen 174-173 belt.

MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

ZINC

TECHNICAL OUTLOOK:

Sources – Ticker Plant and Bonanza Research

Expected Support & Resistance level

Zinc	S1	S1	R1	R2
MCX	268	260	276	286

MCX trend seen Bearish as long hold R1, While Sustain above 276 seen towards 283-286.

NICKEL

TECHNICAL OUTLOOK:

No View due to Low Volumes

MONTHLY BULLETIN (RESEARCH) Date 14th Jan 2025

BONANZA RESEARCH TEAM

Technical Research Analyst

Vibhu Ratandhara

BONANZA COMMODITY BROKERS PVT. LTD.

DATE-Jan 14th, 2025

Disclosure:

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