



FOMC Meeting

Commodity Samachar

Understanding Gold's Recent Price Drop



Why has Gold dropped from \$2146 to \$1975?

The clues might be in the upcoming Fed meeting and the US inflation data.

Factors Influencing Gold Prices



- The US November CPI has risen to 0.1%, while adjusted YoY CPI rose to 3.1%.
- On December 13, 2023, the fixed mortgage rate is at 7.31%, but the US shelter cost continued to rise last month, offsetting inflation.
- In recent months, the US credit card delinquency rates and balance have risen and savings rates have dropped.
- Food costs are slightly lower, and excluding energy and food, there's an inflation of 4%. This is the reason for the significant drop in gold prices.

Impact of FOMC Meeting



- However, another factor affecting commodities is the upcoming FOMC meeting.
- As the world awaits the Federal Open Market Committee (FOMC) meeting scheduled on December 14, 2023, at 12:30 AM and FOMC Press Conference at 01:00 AM, the central bank is widely expected to leave the Federal Funds Rate unchanged.
- This stability in interest rates can positively impact the market.

Gold Prices and Interest Rates



- Analyzing the Fed's last meeting in November, the expected interest rate hold led to an upside movement in gold prices.
- While there's a popular belief in the inverse relationship between gold prices and increasing interest rates, historical data shows no significant correlation.
- Gold prices ultimately depend on supply and demand.

Tonight's Itinerary



- **12:00 AM:**

Federal Fund Rates, FOMC Economic Projection, FOMC Statement

- **01:00 AM**

The main event however will be the FOMC Press Conference after the meet. This is an important segment as Investors will be laser-focused on any information on the most current thinking of the Federal Reserve regarding interest rate cuts and when the Federal Reserve will pivot from its current monetary policy of maintaining elevated interest rates and begin to reduce them.

Technical Outlook



- As per the latest data, everyone is aware that the rate will be unchanged.
- If the rate does not change the market will be stable for a while and then will witness slight volatility.
- If the current market position is going on in buying gold, the support will be between \$60700 - \$60000.
- In silver, the support will be between \$71300 - \$78000.

Thank You!!



Best Regards
Commodity Samachar

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