



Sovereign Gold Bond 2020-21 **Series X**

Government of India, in consultation with the RBI, has decided to issue Sovereign Gold Bonds (SGB), 2020-21 Series X. Applications for the bonds will be accepted between Jan 11, 2021 and Jan 15, 2021. The Certificate of Bond(s) will be issued on Jan 19, 2021.





Scheme Details

Issue Name	Sovereign Gold Bonds Scheme 2020-21 - Series X
Symbol	SGB202110
Issue serial number	25156
ISIN	IN0020200385
Issue Period	Monday, January 11 to Friday, January 15, 2021
Issue Price (per gram of gold)	Online BID: Rs. 5,054 (For investors applying online and the payment against the application is made through digital mode) Offline BID: Rs. 5,104
Minimum Quantity	1 gram
Maximum Quantity	The maximum limit of subscribed shall be 4 KG for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal (April-March) notified by the Government from time to time. A self-declaration to this effect will be obtained. The annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the Secondary Market.
Bid Quantity Multiple	1 gram
Rate of Interest	2.50% per annum on the amount of initial investment. It shall commence from the date of its issue and is payable every 6 months.
Date of Allotment	January 19, 2021

Capital gain tax payable in SGB

- i. In case the SGBs are encashed by way of redemption by an individual from the RBI, no capital gains tax is payable.
- ii. In case the SGBs are sold before the maturity date on the exchanges, then this exemption is not available. In such a case, the Capital Gains will be levied (Long term or Short term based on whether it is held for 3 years or more or less than 3 Years) at the applicable rates i.e. short term (at applicable rates to the investor) and long term (20% after indexation).

Gold Outlook

Continuous weakness in the US dollar index is generally a positive sign for the yellow metal and there isn't any sign of a reversal in the same, hence gold prices are likely to continue the uptrend in the medium to long term as the US Dollar Index has entered into a long term bear market. It seems to be a bit oversold at this point of time hence there can be a short term bounce in it which can lead so downtrend in gold prices, however, the long term trend is still positive. The situation of coronavirus globally is still not stable and till that situation is not under control it will continue to provide the support to gold prices.

Investment Strategy:

SGBs are to be treated more as an asset diversification strategy rather than to earn superior returns. Investors needs to appreciate that gold prices are prone to fluctuations based on macro events globally and USDINR rates and doing a SIP in every tranche of gold can be considered by investors who are either underinvested in gold or have regular fresh monies for allocation among various asset classes or need to accumulate gold for wedding or other auspicious Occasions.





On the Weekly chart, Gold is consolidating between it's a Falling channel within the range of 1750-1910. The Exponential Moving Averages also trading flatten indicating consolidation. Also, the momentum indicator MACD is in negative crossover but above a 0 level indicating the profit booking phase. The yellow metal seems to be in range and a higher possibility of upper side breakout is likely in the coming days. Hence, any downside fall in the range of 1750-1800 level can be utilized for buying opportunities for a short term period. For medium to long term, fresh buying advised above 1910 level on a weekly closing basis for targets of 2000-2100 levels. The support on an immediate basis is pegged at \$1750. So, for the medium term to long term, we maintain our bias positive for the Gold.

Weekly Chart Gold (USD)

Dollar Index is trading between its falling wedge channel pattern and it has taken support at the lower arm indicating some bounce may occur. Weekly MACD is in negative crossover and short-term exponential moving averages are in negative crossover indicating that relief rally may not sustain. The momentum for DXY for the short term may be positive as it has taken the support of the lower arm; however, in the medium to long term, negative momentum will continue. The targets for the DXY below \$88.50 are \$84 and \$81; hence any significant bounce in DXY should be utilized as a Buying Opportunity for the Bullion.



Weekly chart of US DOLLAR INDEX





Comparison among Sovereign Gold Bonds, Physical Gold and Gold ETF

Particulars	Sovereign Gold Bonds	Physical Gold	Gold ETF
Returns/ Earnings	More than actual return on physical gold	Lower than real return on gold due to making charges	Less than actual return on physical gold, since annual expense deducted
Sovereign guarantee	Yes	NA	No
Interest on the investment	Yes	No	No (No dividend option provided on Gold ETF)
Capital Appreciation/depreciation	Yes	Yes	Yes
Annual fund management fees	No	No	Yes
Brokers charge on buying	No	No	Yes
Exit / redemption option	Only from 5th year	Any time exit	Any time exit
Tradability	Yes	Yes	Yes
Liquidity	Limited	Highly liquid	Highly liquid
Storage/Insurance charges	No	Yes	No
Quality check required	No	Yes	No





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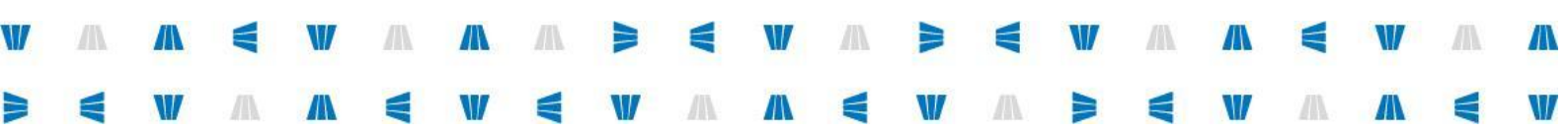
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