

Commodity Overview

04-09-2024



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Gold & Silver overview:

Gold prices fell in Tuesday as traders continue to discuss the prospect of a rate cut by the Federal Reserve in September. The precious metal had a strong performance past month, with prices reaching a record peaks. However, the market's attention is now shifting towards the upcoming U.S. non-farm payroll report expected Friday. The report's findings will play a crucial role in shaping expectations for the Federal Reserve's upcoming decision on interest rates.

Silver prices fell around 2% in MCX yesterday as the labor market data for August is seen as pivotal in determining the extent of the interest rate cut, whether it will be 50 basis points or 25 basis points, at the Fed's September meeting. Traders have made a slight adjustment to their expectations, with the likelihood of a 25-basis-point cut now at 69%, while the chance of a more significant 50-basis-point reduction has decreased to 31%, according to the CME FedWatch tool.

Technical levels:

GOLD : Technically, range-bound to the downside may continue in gold today. Gold has support at 70800 and resistance at 72300.

SILVER : The silver prices are likely to be down and may test 81800 levels, which is a 200-DMA support. Silver has resistance at 84000.

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Crude oil & Natural gas overview:

Oil prices dropped around 5% on Tuesday after Bloomberg News reported that a deal was imminent to resolve a dispute that has halted Libyan production and exports, pushing prices to their lowest since around the beginning of the year. The news of more crude supply possibly returning to the market came as prices had already fallen on the belief that demand was being undercut because of sluggish economic growth in China, the world's biggest crude importer.

The natural gas market has been flat yesterday, as the market is trying to price in the idea of a lack of demand worldwide. The reason behind such negativity during the Tuesday session, is there's a slowing energy demand around the world, including China. It doesn't bode well for energy overall, but natural gas will get that boost due to cold weather in the Northeastern part of the United States.

Technical levels:

CRUDE OIL: The day trend may remain down in crude oil today as prices have breached the crucial support of 6000. It has next support at 5800 and resistance at 6100.

NATURAL GAS: Technically, a range bound movement is expected in natural gas today. Natural gas has support at 170 and resistance at 190.

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Base metals overview:

The US August ISM manufacturing PMI recorded 47.2, with the manufacturing new orders index hitting its lowest since May 2023. Both PMI and July construction spending index were lower than expected. Ahead of the key data release on Friday, market fears of a recession reignited. Under this sentiment, all major European stock indices marked their worst performance since the global stock market plunge in early August. Additionally, signs emerged of an agreement to resolve the dispute disrupting Libya's oil production and exports, leading to a drop in oil prices. Copper prices significantly declined due to recession fears and falling oil prices.

Technical levels:

Copper: Copper broke the 792 support level yesterday, triggering an 8-9 point drop. The next support is at 770, the previous swing low; a break here could open up further downside.

Zinc: Zinc faced selling pressure in the first half but found strong buying at the 262 level, closing positively. This strengthens 262 as key support, with resistance at 272.

Aluminum: Aluminum formed a butterfly doji after a week of strong selling, suggesting a potential pause in the trend. A break below 220 would void the pattern, with 225 as the key resistance.

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