

Commodity Overview

05-09-2024



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Gold & Silver overview:

Gold prices increased in the domestic futures market on Wednesday, tracking positive global cues. And, prices recovered from the weakness seen in the previous session amid a sell-off in riskier equities after US manufacturing shrank at a moderate pace in August, raising concerns over the US economy losing steam. US jolts job-opening data released yesterday fell to 7.67M supported bullion prices.

Silver prices gained around 0.6% yesterday as weak job data appeal safe haven demand. This has raised hopes for a deeper rate cut by the US Fed this month. The focus is now on the monthly US payrolls report later this week, which will give a clue about the pace and size of the Federal Reserve rate cuts this year. The geopolitical factors are also supporting the current trend in precious metals.

Technical levels:

GOLD : Technically, a range-bound movement is expected in gold today. However, bias may remain positive. Gold has support at 70800 and resistance at 72300

SILVER : A range-bound movement is expected in silver today. It has support at 82500 and resistance at 84500.

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Crude oil & Natural gas overview:

Crude oil prices extended the losses despite OPEC+ is discussing delaying an oil output increase scheduled to start in October after oil prices hit their lowest in nine months. The move comes as oil prices have been falling together with other asset classes on concerns about a weak global economy and particularly soft data from China, the world's biggest oil importer. Last week, the Organization of the Petroleum Exporting Countries and allies, was set to proceed with a 180,000 barrels-per-day output hike in October, part of a plan to gradually unwind its most recent cuts.

Natural gas futures remained volatile on Tuesday. Gas prices gained in early trading session yesterday but given up all the gain by the market closing time. However, a reduction in supply and strong demand for liquefied natural gas (LNG) may support the prices. As the month began, U.S. natural gas production slightly dialed back, helping to ease concerns of an oversupplied market. Additionally, despite the ongoing hurricane season, LNG exports have remained steady, providing further support for prices.

Technical levels:

CRUDE OIL: Selling pressure is likely to continue in crude oil today. It has next support at 5770 and resistance at 6000.

NATURAL GAS: Technically, range-bound movement may continue in natural gas today. It has support at 170 and resistance at 190.

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Base metals overview:

US job openings in July recorded 7.673 million, the lowest level since January 2021. The probability of the US Fed cutting interest rates by 50 basis points in September rose to 44%, and the US dollar index plunged. Meanwhile, major European stock indices fell to a two-week low on Wednesday, with concerns of economic recession persisting.

Copper prices fell significantly, trading improved to some extent. At the same time, due to the narrowing price spread between front-month and next-month contracts, the willingness to sell among holders increased, leading to a rise in both supply and demand. If copper prices stabilize, it may lead to a sustained release of consumption. Overall, the significant drop in copper prices and the improvement in consumption provided some support to copper prices. Today, attention will be on the US non-farm payrolls data, and it is expected that copper prices will stabilize before the data is released.

Technical levels:

Copper: After Tuesday's sharp sell-off, Copper formed a spinning top, indicating a possible pause in selling with an expected bounce. Key support is at 778, while resistance is at 800.

Zinc: After a brief pullback, Zinc resumed its selling trend yesterday. The next support is at 256, with resistance at 265.

Aluminum: Aluminum broke below the 220 level, invalidating the butterfly doji pattern. The next support is at 217, with resistance at 223.

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