

Commodity Overview

18-09-2024



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GOLD1!+SILVER1!, 1D, MCX O163,025 H163,516 L161,815 C162,234 -871 (-0.53%) Vol18.248K
Vol (50) 18.248K



Gold & Silver overview:

A shift in sentiment favoring a 50-basis point rate cut by the FOMC this week, rather than the expected 25 basis points (bps), could be bullish for gold in the short term. However, traders booked profit in gold ahead of FOMC meeting outcome. Apart from the rate decision, the FOMC will also update its quarterly projections for real GDP growth, unemployment, inflation, and policy rates. If the FOMC cuts rates by 25 bps on Wednesday, it could bode well for the US Dollar, especially with the extensive pricing for larger rate cuts already factored into markets.

Traders anticipate the FOMC will lower its median projection for the federal funds target range at the end of 2024 to 4.50-4.75% (down from 5.00-5.25%), consistent with their forecast for 25 basis point cuts in September, November, and December. For 2025, the bank projects the FOMC's median projection for the federal funds target range to decrease to 3.75-4.00% (down from 4.00-4.25%), in line with their forecast of an additional 75 basis points in rate cuts over the first three quarters of next year.

Technical levels:

GOLD : Technically, Gold has formed an evening star candle pattern on daily chart, which may keep the prices down in the coming days. Gold has resistance at 74500 and support at 72000.

SILVER : Some profit booking is expected in silver today. It has support at 87000 and resistance at 91000.

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Crude oil & Natural gas overview:

Oil prices gained around 1.80% yesterday in choppy trade as the focus turned to the U.S. Federal Reserve's policy meeting that concludes on Wednesday, while fears of weaker demand in China curbed gains. Prices saw some support from prospects of lower U.S. crude stockpiles and concerns over U.S. production outcome of Hurricane Francine. Fed funds futures showing markets are now pricing in a 69% chance that the central bank will cut rates by 50 basis points, which will be supportive for oil prices.

Natural gas prices remained flat yesterday, and are finding strength from a combination of rising LNG export volumes and lingering heat in the southern U.S., which is expected to extend cooling demand.

Technical levels:

CRUDE OIL: Technically, some more upside move is expected in crude oil today. It has support at 5800 and resistance at 6150.

NATURAL GAS: The range-bound movement is expected in natural gas today. It has support at 190 and resistance at 205.

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Base metals overview:

US August retail sales recorded a monthly rate of 0.1%, higher than expected, causing the dollar to rise again. This put some pressure on copper prices, which had previously risen due to expectations of a US Fed rate cut. Fundamentally, a large amount of imported copper arrived earlier, but copper cathode stocks continued to deplete due to pre-holiday restocking, providing some support for consumption

Aluminum supply is expected to remain stable in the short term, while overseas production cuts are occurring, and future supply is gradually peaking. On the demand side, the market is gradually entering the peak consumption season, with aluminum demand performing well and aluminum social inventory decreasing significantly. With the fundamentals shifting to strong support, aluminum prices are expected to consolidate strongly amid strong fundamentals and macro uncertainties.

Technical levels:

COPPER: Copper formed a small candlestick inside the previous candle, indicating potential indecision. 815 will likely act as resistance, while support is expected at 798.

ZINC: Zinc's four-day winning streak has ended, with selling pressure emerging near the 272 level, which is close to the upper trend line. 272 will be a key resistance level, while support is expected at 265.

ALUMINIUM: Aluminum's four-day winning streak has ended, with selling pressure emerging near the 233 level. A potential pullback to the 225 level is expected, with 235 serving as a key resistance point.

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