

Commodity Overview

19-09-2024



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GOLD1!+SILVER1!, 1D, MCX O162,133 H162,549 L161,111 C161,354 -880 (-0.54%) Vol15.637K



Gold & Silver overview:

The US dollar index plummeted to a 14-month low after the Federal Reserve, led by Chairman Jerome Powell, implemented a surprising 50 basis point cut in interest rates, marking the beginning of a new rate-lowering cycle. However, gold prices fell 0.80% in the Comex division even after a bigger rate cut. The market already priced in 50bps rate cuts, opting for a more aggressive reduction than investors had been expecting just a week ago.

All but one of the 12 Fed voters supported the cut, which brings the central bank's benchmark rate to a range between 4.75% and 5%. Most officials anticipate cuts that would lower rates by at least a quarter point each at meetings in November and December, according to quarterly projections. The US dollar index gained around 0.41% and silver remained down by 1.3% in the comex division.

Technical levels:

GOLD : High volatility is expected in gold and prices may remain under pressure. Gold has resistance at 74000 and support at 72000.

SILVER : Profit booking may continue in silver today. It has support at 87000 and resistance at 91000.

Commodity Overview



Crude oil & Natural gas overview:

Oil prices fell in Asian trading on Thursday after a larger-than-expected Federal Reserve interest rate cut sparked concerns about the U.S. economy. The half percent rate cuts suggesting the Fed saw a slowing job market. That view appeared to outweigh the boost that interest rate cuts usually bring to economic activity. Weak demand from China's slowing economy also continued to weigh.

Natural gas prices remained down yesterday due to rising forecast of storage data. Natural gas storage data released last week, were stood at 40B. The forecast of storage data to be released today, is 53B which is higher than the previous week which has led the profit booking in the prices.

Technical levels:

CRUDE OIL: Technically, crude oil prices may remain down in today's session. It has support at 5800 and resistance at 6000.

NATURAL GAS: The range-bound movement is expected in natural gas ahead of storage data. It has support at 180 and resistance at 205.

Commodity Overview

COPPER1!+ALUMINIUM1!+ZINC1!, 1D, MCX O1,301.05 H1,311.50 L1,293.45 C1,306.25 +0.85 (+0.07%) Vol14.038K



Base metals overview:

The US Fed significantly cut rates by 50 basis points, lowering the federal funds rate from 5.25%-5.50% to 4.75%-5.00%, marking the first cut since March 2020. Currently, Fed officials believe that with inflation nearing the 2% target and rising unemployment, they need to lower rates to the 4.25%-4.50% range by the end of the year, higher than their June forecast. The dot plot predicts that policymakers expect to cut rates by 25 basis points at both the November and December meetings this year.

Copper prices rose ahead of the rate decision as the market widely anticipated the cut. On the fundamentals side, domestic smelters have passively reduced production, increasing downstream concerns about future supply. The spot market remained stable on the last trading day before delivery, with premiums expected to rise slightly after delivery today. Overall, the significant 50 basis point rate cut by the US Fed is expected to boost copper prices.

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 experienced a volatile trading session yesterday, closing with a doji candle formation. It has support at 263 and resistance at 272.

ALUMINUM: Copper opened lower yesterday but managed to recover and close higher. It found resistance at 815 and support at 800.

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Nirpendra Yadav Sr. Research Analyst

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M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>

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| Research Analyst | Regn | No. | INH100001666 |
| SEBI | Regn. | No.: | INH100001666 |
| BSE | /NSE/MCX | : | INZ000212137 |
| CDSL: 120 33500 NSDL: IN 301477 PMS: INP 000000985 AMFI: ARN -0186 | CASH | DERIVATIVE | CURRENCY |
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