Commodity Overview

20-09-2024

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Gold & Silver overview:

Gold has seen a rally in recent months, driven by a combination of macroeconomic factors and geopolitical uncertainty. this upward trend is expected to persist as key market conditions continue to evolve. The primary catalysts for this sustained rally include impending interest rate cuts, a weakening U.S. dollar, and persistent geopolitical risks. One of the key factors supporting gold's rally is the expectation of future interest rate cuts by central banks, particularly the U.S. Federal Reserve.

The US inflation rate predictably normalizes back to its pre-Covid levels, it seems the latest worry is now the possibility of a recession and fears which is supporting bullion prices. However, the unemployment claims figure for seasonally adjusted was 219,000, a decrease of 12,000 from the previous week's revised level. The previous data stood at 231000 while this week it was forecasted at 230,000. A better job data offset the impact of rate cuts and capped the gain of precious metals yesterday.

Technical levels:

GOLD : However, better job market data capped the gain of gold yesterday but the ongoing fundamentals will support the gold prices. It has resistance at 74000 and support at 72000.

SILVER : However, near trend in silver may remain upside. It has support at 87000 and resistance at 91000.

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Technical levels:

CRUDE OIL: Technically, Range-bound to the upside move is expected in crude oil today. It has support at 5800 and resistance at 6100.

NATURAL GAS: Technically, the prices have taken support of 200-sma on daily chart which may support the upside move in natural gas today. It has support at 180 and resistance at 205

Crude oil & Natural gas overview:

Oil prices rose strongly on Thursday after a better US jobless claims reading followed an outsized interest rate cut by the Federal Reserve, easing the concerns over a slowing US economy. This figure was better than expected, and has appeased the concerns over the health of the US economy, particularly after the Federal Reserve started its latest rate-cutting cycle on Wednesday, trimming interest rates for the first time since March 2020 by a hefty 50 basis points to a range of 4.75% to 5%. The soft monetary policy will support the demand of crude oil.

Natural gas storage across the United States was at 3,445 billion cubic feet in the week ending September 13, the Energy Information Administration (EIA) shared in a report published on Thursday. The figure has increased to 58 billion cubic feet compared to the previous reading of 40 billion cubic feet. The total working gas remains within the five-year historical range.

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Technical levels:

COPPER: Copper struggled to maintain above 815, failing to close above it. A break above 820, the previous swing high, could lead to a rise towards 832.

ZINC: Zinc is approaching its previous swing high and upper trend line near 272. A break above this level could lead to a significant move, with support at 263.

ALUMINUM: Aluminum had a strong bullish run but faced selling pressure at higher levels, forming a wick. Support is at 227, and resistance is at 234.

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.

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