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Gold extends its rally while Crude attempts recovery

Comex Gold reached a new record high of \$2,651.7 per ounce on Monday fueled by escalating conflict between Israel and Iran, coupled with the uncertainty surrounding the US election results, has driven investors to seek safe-haven assets like gold. Markets are focused on geopolitical risks in the Middle East, with Israel discussing its next attack on Iran after a Hezbollah drone exploded next to Prime Minister Benjamin Netanyahu's private home on Saturday. US President Joe Biden and his administration have urged the renewal of cease-fire negotiations in the region, though Israeli hard-liners oppose concessions. Traders were also repositioning portfolios ahead of the US election on Nov. 5. Polls show the contest between Donald Trump and Kamala Harris could be the closest in a generation.

WTI Crude Oil prices rebounded more than 1.70% to trade near \$70 per barrel today, after a steep decline of about 8% last week, driven by heightened tensions in the Middle East and China's stimulus measures to boost its economy. The recent drone attack on Israeli Prime Minister Benjamin Netanyahu's home and Israel's subsequent military response in Lebanon have intensified regional tensions. China, the world's largest oil importer, has taken steps to stimulate its economy through interest rate cuts and lending rate reductions. Despite these bullish factors, the International Energy Agency forecasts a global oil surplus next year due to rising supplies from various regions, including the Americas.

LME base metals continue to trade positive as Chinese banks cut their benchmark lending rates, part of a push by Beijing to ensure Asia's biggest economy meets growth targets for this year. This move is part of Beijing's broader strategy to stimulate economic growth and meet its targeted 5% growth rate for the year. The larger-than-expected rate reductions, coupled with the central bank's previous policy rate cut, signal a strong commitment to supporting the ailing property market. With this announcement investors anticipate increased demand from the Chinese economy. LME Copper is trading higher by 0.80% at \$ 9708 per ton while Aluminium and Zinc also trading positive.

European natural gas prices edged up 2.2% today as Middle East tensions brought a fresh wave of volatility to the market. The market is concerned that a wider regional conflict could disrupt the supply of heating fuel. On October 19, 2024, a Hezbollah drone exploded near the private residence of Israeli Prime Minister Benjamin Netanyahu. In response, Israel launched a military attack on Hezbollah positions in Lebanon.

Today, investors now await U.S. housing data for further economic insight.

| Date | IST | Currency | Data | Forecast | Previous |
|-----------|-----|----------|------------------------------|----------|----------|
| 21-Oct-24 | | | No Major Economic data Today | | |

Source: Forex factory

| | Commodity | Support 3 | Support 2 | Support 1 | LTP | Resistance 1 | Resistance 2 | Resistance 3 |
|-------------|---------------------|-----------|-----------|-----------|--------|--------------|--------------|--------------|
| Commodities | Spot Gold | 2698.8 | 2719.0 | 2725.2 | 2735.3 | 2745.4 | 2751.6 | 2771.8 |
| | MCX Gold Dec | 77352 | 77863 | 78021 | 78276 | 78531 | 78689 | 79200 |
| | Spot Silver | 32.66 | 33.42 | 33.66 | 34.04 | 34.42 | 34.66 | 35.42 |
| | MCX Silver Dec | 94753 | 96547 | 97102 | 97999 | 98896 | 99451 | 101245 |
| | MCX Copper Oct | 812.2 | 821.4 | 824.3 | 829.0 | 833.6 | 836.5 | 845.7 |
| | MCX Zinc Oct | 280.0 | 284.1 | 285.4 | 287.5 | 289.6 | 290.9 | 295.0 |
| | MCX Lead Oct | 180.1 | 181.5 | 182.0 | 182.7 | 183.4 | 183.9 | 185.3 |
| | MCX Aluminium Oct | 234.3 | 237.6 | 238.6 | 240.3 | 241.9 | 242.9 | 246.2 |
| | MCX Crude Oil Oct | 5638 | 5782 | 5826 | 5898 | 5970 | 6014 | 6158 |
| | MCX Natural Gas Oct | 180.59 | 187.23 | 189.28 | 192.60 | 195.92 | 197.97 | 204.61 |

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



| | |
|--|--|
| BUY | We expect the commodity to deliver 1% or more returns |
| SELL | We expect the commodity to deliver (-1%) or more returns |
| SIDEWAYS | We expect the commodity to trade in the range of (+/-)1% |
| NOTE - The recommendations are valid for one day from the date of issue of the report, subject to mentioned stop loss, if any | |

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