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Fed in Focus as Gold soar to all-time peak amid geopolitical fears, Crude oil slips amid higher inventory

Comex gold futures surged to a fresh all-time high of \$3,052.4/oz, driven by heightened Middle East tensions and US tariff uncertainties. Profit-taking subsequently pushed prices below \$3,040. However, concerns over a potential economic slowdown and recession, fueled by President Trump's trade tariffs, bolstered gold's safe-haven appeal. The tariffs, including levies on steel and aluminum and forthcoming reciprocal measures, are expected to increase inflationary pressures. Geopolitical risks escalated with IDF strikes on Hamas targets in Gaza. Investors are now keenly awaiting the FOMC's decision and updated economic projections for assessing future monetary policy, particularly in light of these growing economic and geopolitical uncertainties.

WTI crude oil fell for the second day to trade near \$66.50/bbl, pressured by API showed a build in US crude stockpiles. Moreover, President Putin's agreement to halt attacks on Ukrainian energy, coupled with rejected ceasefire proposals, fueled speculation of eased sanctions, exacerbating surplus concerns. OPEC+ production hikes further weighed on prices. Global trade shifts and potential demand weakening, highlighted by a larger-than-expected US crude stock build reported by API (4.593 million barrels), added downward pressure. Conversely, distillate and gasoline inventories saw declines of 2.146 and 1.708 million barrels, respectively, and Cushing reserves dipped 1.41 million barrels. Middle East tensions, posing supply disruption risks may provide some price support.

LME base metals trade mixed, with copper and aluminum holding gains while zinc saw a pullback. Supply tightness persisted as inventories on both London and Shanghai exchanges declined. Optimism in copper demand grew after China introduced a special action plan to boost consumer spending, supporting its economic outlook. Meanwhile, Zambia's copper production rebounded, rising 12% in 2024 after hitting a 14-year low in 2023. However, concerns over potential U.S. tariffs on copper remain, adding uncertainty to the market. Aluminum prices continued to strengthen despite improved raw material availability, as fresh alumina capacity eased supply pressures.

European natural gas jump 5.2%, driven by escalating geopolitical tensions following renewed Russian assaults on Kyiv. Market speculation regarding potential Russian pipeline flow resumption, aimed at replenishing critically low European gas storage (below 35% of the 90% November target), was briefly fueled by news of a Putin-Trump call. However, Putin's insistence on war-ending terms and the subsequent drone attacks on Ukrainian cities effectively nullified any immediate prospects for increased supply. The failure to secure a meaningful ceasefire, despite the temporary cessation of energy infrastructure strikes, has exacerbated supply concerns, directly impacting natural gas price volatility.

Investors today will closely monitor the FOMC meeting, anticipating steady interest rates and scrutinizing the Fed's dot plot and Chair Powell's press conference for insights into economic projections and the potential impact of trade policies and crude oil inventory report

Date	IST	Currency	Data	Forecast	Previous
19-Mar-25	20:00	USD	Crude Oil Inventories	0.8M	1.4M
	11:30	USD	Federal Funds Rate	4.50%	4.50%
	11:30	USD	FOMC Economic Projections, FOMC Statement		

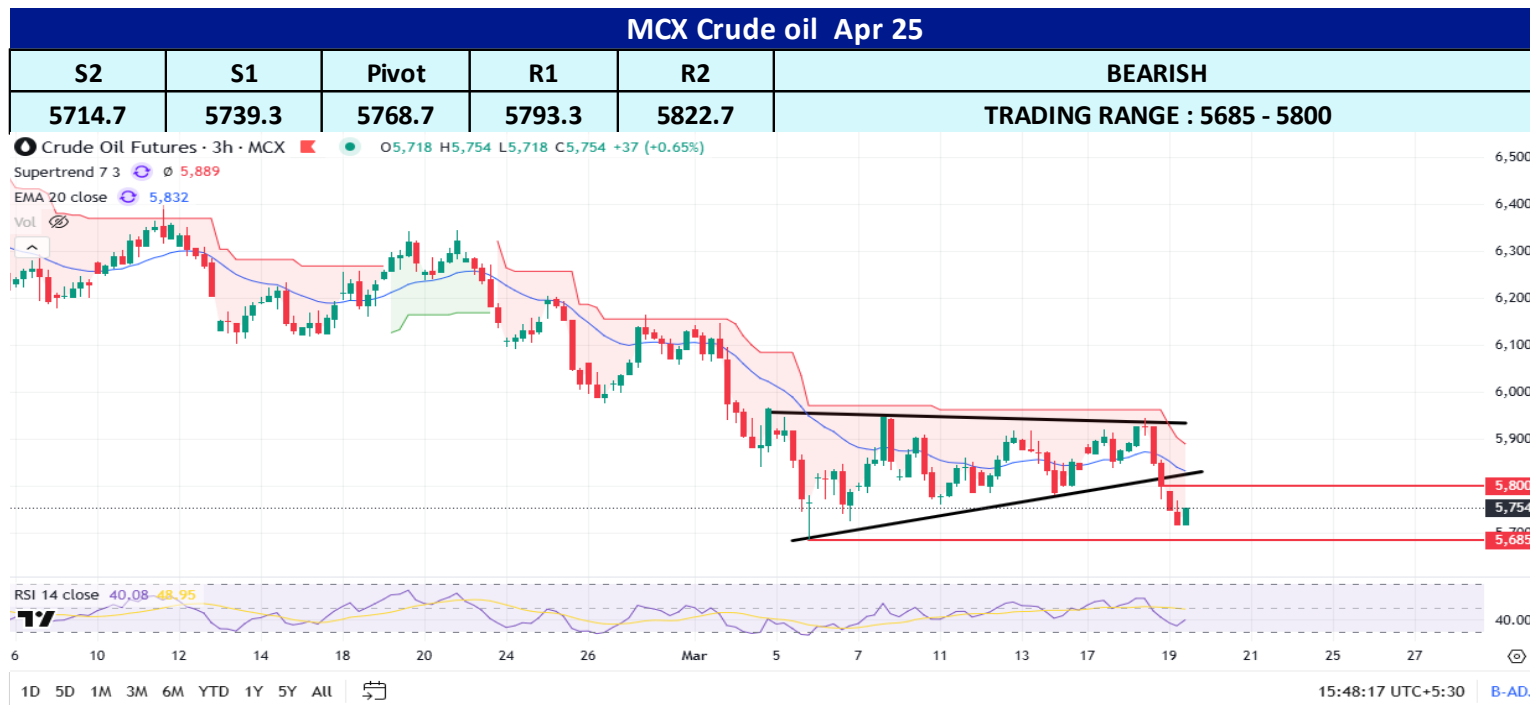
Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2982.8	3008.5	3016.5	3029.4	3042.2	3050.2	3075.9
	MCX Gold Apr	87602	88187	88368	88660	88952	89133	89718
	Spot Silver	32.81	33.29	33.44	33.68	33.92	34.07	34.56
	MCX Silver May	98319	99527	99901	100505	101109	101483	102691
	MCX Copper Mar	897.5	903.9	905.9	909.1	912.2	914.2	920.6
	MCX Zinc Mar	273.2	275.9	276.8	278.2	279.5	280.4	283.1
	MCX Lead Mar	181.5	182.6	182.9	183.4	183.9	184.2	185.3
	MCX Aluminium Mar	261.0	262.6	263.1	264.0	264.8	265.3	266.9
	MCX Crude Oil Apr	5608	5694	5721	5764	5807	5834	5920
	MCX Natural Gas Mar	331.94	345.24	349.35	356.00	362.65	366.76	380.06

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Source: Trading View

RATING SCALE FOR DAILY 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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