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Fed's inflation signal dents Gold, Crude oil rises amid Mideast tensions

Comex Gold August futures trading below \$3,390 per ounce, primarily due to the Federal Reserve's inflation warning, signaling fewer anticipated US rate cuts. The Fed held rates steady and projected two cuts by year-end, yet Chair Jerome Powell noted the persistent impact of tariffs on price gains. New economic forecasts indicate expectations of weaker growth, higher inflation, and reduced employment this year. A significant rise in consumer prices could curtail monetary easing, adversely affecting gold. This overshadowed safe-haven demand stemming from escalating Middle East tensions, including concerns over a potential strike on Iran. Despite the recent drop, gold has climbed nearly 30% this year, supported by broader geopolitical uncertainty, robust central bank buying, and strong inflows into exchange-traded funds.

WTI crude oil traded slightly positive near \$73.80/barrel on Wednesday, driven by escalating geopolitical tensions between the US and Iran. The market is closely monitoring potential US military involvement in the conflict, which has already led to significantly higher oil prices, increased volatility, and a more bullish options market, with nearby crude premiums soaring. Senior US officials are reportedly preparing for a possible strike on Iran in the coming days, though the situation remains fluid. President Trump, after a meeting with top advisors, stated, "I may do it. I may not do it," regarding military action, despite earlier reports of a pre-approved attack plan. The primary market concern revolves around the Strait of Hormuz, a critical shipping chokepoint for global crude, though no disruptions have been reported. Meanwhile, US crude inventories saw a substantial drawdown of 11.5 mb to 420.9 mb in the week ended June 13th, according to the EIA.

LME base metals are trading lower, led by a sharp sell-off in aluminium, down over 1% at \$2,520/ton, while Copper and Zinc also declined around 0.40%. Aluminium retreated from recent highs amid easing demand optimism and supply concerns linked to bauxite disruptions in Guinea. Copper hovered near one-week lows, pressured by a stronger dollar, rising geopolitical tensions between Israel and Iran, and thin holiday trading in the U.S. Despite dropping, LME inventories, down 4,025 tons to a 13-month low, copper remains under pressure as strong Chinese output continues, with refined production in May matching record highs and surging 8% y/y. Meanwhile, increased U.S. imports on tariff expectations and deeply negative smelter treatment charges underscore tightening global ore supply.

European natural gas prices rose by 2.7% on Thursday, reflecting market anxiety over potential US involvement in the escalating Israel-Iran conflict. Traders are closely monitoring the situation for any impact on global gas flows, despite no current disruptions. Reports indicate senior US officials are preparing for a possible strike on Iran, though the situation remains fluid. This supply concern emerges as Europe races to replenish gas stockpiles ahead of the next heating season. Inventories concluded the past winter at their lowest since 2022, necessitating greater-than-usual replenishment efforts. While some European nations have boosted reserves, Germany, the continent's largest economy, is reportedly lagging, adding to the market's unease amidst geopolitical tensions.

U.S. markets and bank is closed today for Juneteenth.

Date	IST	Currency	Data	Forecast	Previous
19-Jun-2025	All Day	USD	Bank Holiday		

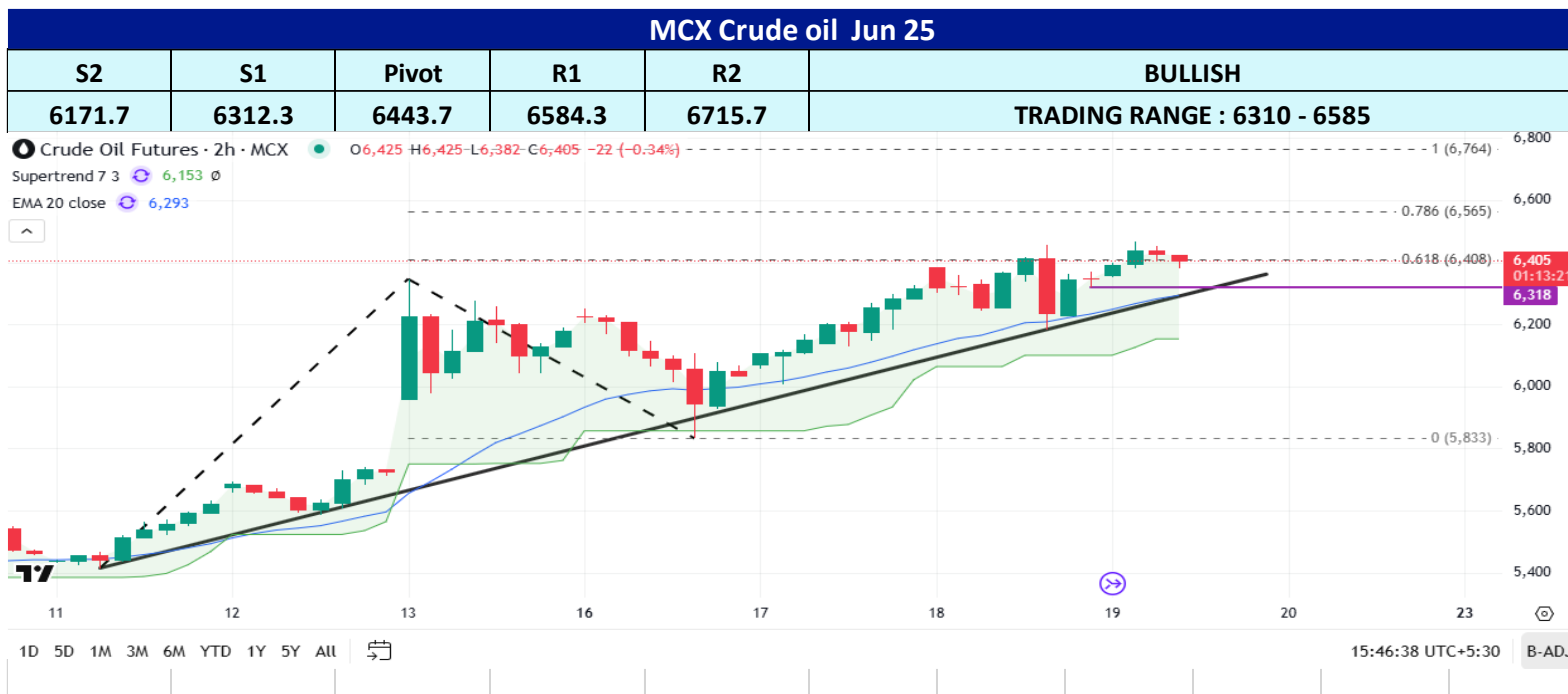
Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3301.0	3339.5	3351.4	3370.6	3389.9	3401.8	3440.3
	MCX Gold Aug	97588	98565	98867	99356	99845	100147	101124
	Spot Silver	35.32	35.90	36.08	36.37	36.66	36.84	37.42
	MCX Silver Jul	104768	106230	106682	107413	108144	108596	110058
	MCX Copper Jun	868.5	873.8	875.5	878.1	880.7	882.4	887.7
	MCX Zinc Jun	248.6	250.8	251.5	252.7	253.8	254.5	256.7
	MCX Lead Jun	177.8	178.6	178.9	179.3	179.6	179.9	180.7
	MCX Aluminium Jun	240.3	242.4	243.1	244.2	245.2	245.9	248.0
	MCX Crude Oil Jul	6052	6234	6291	6382	6473	6530	6712
	MCX Natural Gas Jun	329.49	338.73	341.58	346.20	350.82	353.67	362.91

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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