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Commodities edges higher on softer dollar, US CPI expectations

Comex Gold continue to trade positive for the third consecutive day today trading above \$2,551 an ounce as investors anticipated the release of US inflation data which expected to provide insights into the Federal Reserve's potential rate cut at its upcoming meeting. A survey conducted by 22V Research revealed that a majority of respondents believe core inflation is on a "Fed-friendly glide path."

WTI Crude Oil prices staged a temporary recovery of about 2.5% today from their recent plunge, as traders assessed the intensifying concerns about looming oversupply. Key factors driving the price included a drop in U.S. crude oil inventories and supply concerns related to Hurricane Francine. The API reported a decrease in U.S. crude stocks by 2.8 million barrels while the Hurricane Francine disrupted crude production and natural gas output in the U.S. Gulf of Mexico, providing support to crude prices. Oil prices declined by nearly 20% this quarter, driven by worries about slowing economic growth in major consuming nations like the US and China.

Despite concerns about weak domestic demand in China, crude oil imports unexpectedly rose to 11.6 million barrels per day in August. Lower oil prices and improved refining margins encouraged Chinese refineries to expand processing, contributing to the higher imports. There may also have been some pent-up demand following weaker imports in the previous month.

LME base metals are trading higher due to a weakening dollar ahead of the US inflation report. Recently, metals have faced selling pressure from a series of disappointing economic data out of China. The uneven recovery is putting pressure on policymakers to intervene, but Beijing has yet to show interest in implementing the substantial measures that have previously provided a big boost to the economy.

U.S. natural gas futures trading steady today after it rose significantly on Tuesday due to the impending arrival of Tropical Storm Francine, expected to strengthen into a hurricane in Louisiana. The hurricane is projected to curtail gas flows to LNG export plants and disrupt power supply, leading to reduced demand while Oil and gas producers are reducing output in anticipation of the storm, contributing to the price increase.

Market will now focus on the August CPI report to release later today, expected to show easing inflation to 2.6% annually, down from July's 2.9%, while core CPI projected to remain at 3.2% and expected to justify the Fed's dovish stance.

Date	IST	Currency	Data	Forecast	Previous
11-Sep-24	18:00	USD	Core CPI m/m	0.2%	0.2%
	18:00	USD	CPI m/m	0.2%	0.2%
	18:00	USD	CPI y/y	2.5%	2.9%
			Crude Oil Inventories	0.9M	-6.9M

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2487.4	2506.7	2512.7	2522.4	2532.1	2538.1	2557.5
	MCX Gold Oct	71302	71750	71889	72113	72337	72476	72924
	Spot Silver	27.72	28.30	28.48	28.77	29.06	29.23	29.81
	MCX Silver Dec	82464	83786	84194	84855	85516	85924	87246
	MCX Copper Sep	772.7	782.3	785.2	790.0	794.8	797.7	807.3
	MCX Zinc Sep	251.8	255.4	256.5	258.3	260.1	261.2	264.8
	MCX Lead Sep	180.3	181.7	182.1	182.9	183.6	184.0	185.4
	MCX Aluminium Sep	216.2	219.1	219.9	221.4	222.8	223.6	226.5
	MCX Crude Oil Sep	5400	5552	5599	5675	5751	5798	5950
	MCX Natural Gas Sep	177.66	183.71	185.58	188.60	191.62	193.49	199.54

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Source: Trading View

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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