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Gold edges lower as market assess tariff impact, focus on employment data

COMEX gold futures falls below \$2,905 due to slight recovery in U.S. dollar and increased Treasury yields. Moreover, Investors are keenly anticipating the U.S. nonfarm payrolls report to gauge the Federal Reserve's interest rate trajectory amidst heightened global trade tensions. A slight rebound in the dollar index and rising U.S. Treasury yields exerted downward pressure on the non-yielding asset. Recent data indicating a slowdown in U.S. private sector job growth has bolstered expectations for potential rate cuts. The market's focus now shifts to the upcoming non-farm payrolls report, projected to show 160,000 job additions in February. While the overarching gold outlook remains bullish, a near-term pullback is plausible before the resumption of a broader upward trend.

WTI crude oil experienced a marginal recovery from a six-month low, trading above \$66.50 per barrel, amidst persistent demand uncertainty following President Donald Trump's sweeping tariffs on major US trading partners. US tariffs on key trading partners continue to disrupt market equilibrium, despite potential levy delays for automakers and agricultural exemptions. The possibility of removing the 10% tariff on Canadian energy imports offers a degree of support. However, the broader outlook remains bearish. President Trump's trade policies have triggered retaliatory measures from Canada and China, exacerbating global market volatility. Compounding this, OPEC+ has signaled intentions to increase production in April, adding to existing supply pressures. Consequently, oil prices face downward pressure as trade tensions and potential supply increases weigh on market sentiment.

LME metals experienced further gains, buoyed by a weakening dollar and anticipation of Chinese stimulus. China's 5% growth target and 4% budget deficit signal a proactive approach to bolster domestic consumption amid U.S. tariff pressures. The dollar's four-month low, driven by stagflation concerns linked to tariffs, provided additional support. LME Aluminum and zinc led the surge, each rising by 1%, while copper and lead saw modest 0.30% gains. However, underlying copper fundamentals remain weak in China due to reports of ample supply, treatment charges below zero, and rising stocks toward 270,000 tonnes, thrice the year's start, highlight significant overcapacity. Market attention remains focused on China's policy announcements and their impact on industrial demand.

US natural gas prices exhibit volatility trading moderately lower near \$4,385 per mmbtu, influenced by fluctuating weather patterns. Despite a slightly bearish EIA inventory report showing a -261 bcf draw, below forecasts but above the 5-year average, robust production weigh of prices. Lower-48 dry gas production reached 106.1 bcf/day, up 4.4% year-over-year. Upcoming EIA projections anticipate a near-average draw of -93 bcf. Demand is supported by forecasted below-normal temperatures in the US West and potential retaliatory tariffs on Canadian gas and Ontario electricity exports, which could increase domestic gas-powered electricity demand. However, despite these factors, the market is still higher on the week due to lingering supply constraints, with inventories 11.5% below the 5-year average, coupled with strong LNG exports at 15.2 bcf/day, contribute to price support. Market direction remains uncertain amidst conflicting signals.

Today, investors now focus unemployment figures for further market direction.

Date	IST	Currency	Data	Forecast	Previous
06-Mar-25	19:00	USD	Unemployment Claims	234K	242K
	21:00	USD	Natural Gas Storage	-96B	-261B

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2845.9	2877.5	2887.3	2903.1	2918.9	2928.7	2960.3
	MCX Gold Apr	84351	85069	85291	85650	86009	86231	86949
	Spot Silver	31.42	31.94	32.10	32.36	32.62	32.78	33.30
	MCX Silver May	95591	96718	97066	97630	98194	98542	99669
	MCX Copper Mar	869.9	877.6	879.9	883.8	887.6	889.9	897.6
	MCX Zinc Mar	269.8	272.5	273.3	274.6	275.9	276.7	279.4
	MCX Lead Mar	180.0	180.8	181.0	181.4	181.7	181.9	182.7
	MCX Aluminium Mar	259.5	261.6	262.3	263.3	264.3	265.0	267.1
	MCX Crude Oil Mar	5608	5720	5755	5811	5867	5902	6014
	MCX Natural Gas Mar	349.82	367.00	372.31	380.90	389.49	394.80	411.98

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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