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Safe haven demand drives gold to record highs amid tariff Fears

Comex gold futures surged to a record \$2,929.7 per ounce following the U.S. announcement of a new 25% global tariff on aluminum and steel imports. The president Trump’s unclear timeline for implementation, coupled with reciprocal tariffs against foreign nations on Tuesday and Wednesday, fueled safe-haven demand. Federal Reserve Governor Kugler advocated for maintaining steady interest rates amidst persistent inflation, a robust labor market, and policy uncertainties. Market focus now shifts to Fed Chair Powell’s semiannual testimony this week for insights into future monetary policy. China’s continued gold reserve expansion for the third consecutive month in January, despite record-high prices, underscores its diversification strategy. Furthermore, China’s pilot program enabling major insurers to invest up to 1% of their assets in gold bullion further supports the metal’s price rally.

WTI crude oil edged above \$71.50 per barrel, recovering from recent declines amid market uncertainties surrounding tariffs. China’s retaliatory tariffs on U.S. goods, effective Monday, have prompted oil and gas traders to seek waivers for U.S. crude and LNG imports. Simultaneously, sanctions on Russian oil exports and intensified U.S. pressure on Iran’s oil trade have disrupted global supply chains. While the US recently mentioned progress with Russia regarding the Ukraine war, details remain scarce. Despite these geopolitical factors, oil prices have trended downward since mid-January due to subdued demand forecasts and the impact of tariffs on market sentiment. Weak market indicators, like timespreads, and increased bearish speculative bets against the U.S. oil benchmark highlight prevailing market anxieties. Net long positions for WTI have decreased for a second consecutive week as per CFTC data.

LME base metals are trading mixed as the US prepares to impose a 25% tariff on all steel and aluminum imports, escalating trade tensions with key partners like Mexico and Canada. aims to protect domestic industries. Despite this, LME copper futures are trading near four-month highs of above \$ 9,400 per ton, driven by positive fundamentals of supply concerns that are mounting due to production challenges in Chile, the top copper producer. Moreover, demand has rebounded in China post-Lunar New Year, and US demand is also robust as buyers anticipate the tariffs. However, market caution prevails as the blanket tariff, effective today, and potential further tariffs later this week create uncertainty.

European natural gas prices surged by up to 5.4% on Monday, reaching a two-year high of €58.75 per megawatt-hour, driven by forecasts of colder temperatures across Northwest Europe. The impending cold snap is expected to increase heating demand, further accelerating the upward price trend seen throughout the year. Concerns about dwindling gas storage levels are mounting, as current stockpiles are at their lowest for this time of year since the 2022 energy crisis. Chilly and low-wind conditions have already boosted gas consumption this winter while simultaneously impacting renewable energy generation. Currently, European gas inventories are only 49% full, significantly lower than the 67% level at the same time last year. 1 This low inventory level raises concerns about the region’s ability to replenish supplies during the upcoming warmer months

Date	IST	Currency	Data	Forecast	Previous
10-Feb-25		US	No Major economic data expected		

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2849.3	2879.0	2888.1	2903.0	2917.8	2927.0	2956.7
	MCX Gold Apr	84384	85134	85366	85741	86116	86348	87098
	Spot Silver	31.25	31.83	32.01	32.30	32.59	32.77	33.35
	MCX Silver Mar	93756	94943	95310	95904	96498	96865	98052
	MCX Copper Feb	851.7	859.0	861.2	864.9	868.5	870.7	878.0
	MCX Zinc Feb	263.5	266.6	267.6	269.2	270.7	271.7	274.8
	MCX Lead Feb	176.9	178.1	178.5	179.1	179.7	180.1	181.3
	MCX Aluminium Feb	253.9	256.1	256.8	258.0	259.1	259.8	262.0
	MCX Crude Oil Feb	6117	6209	6237	6283	6329	6357	6449
	MCX Natural Gas Feb	282.30	291.53	294.38	299.00	303.62	306.47	315.70

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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