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### **Gold and silver slide ahead of Commodity Index Rebalancing; WTI Crude oil rises amid Venezuelan supply uncertainty**

Spot gold and silver extended losses for a second consecutive session as markets brace for the annual rebalancing of major commodity indexes, a process expected to trigger billions of dollars in futures selling over the coming days. Passive index-tracking funds are reducing precious metals exposure from Thursday to align with revised weightings, magnifying pressure after last year's sharp rallies. Silver remains particularly exposed amid elevated volatility, with Citigroup estimating potential sales of around \$6.8 billion in Comex silver futures—nearly 12% of open interest. Despite near-term headwinds, gold continues to find structural support from robust central bank demand, with net purchases of 45 tons in November and China extending its buying streak to 14 months. Geopolitical tensions and expectations around US rate cuts could limit downside, keeping the medium-term outlook constructive despite short-term volatility.

WTI crude oil edged about 1 % higher to trade near \$56.50/bbl as markets digested new U.S. measures to tighten control over Venezuelan crude flows, including plans to indefinitely manage future sales and the seizure of additional sanctioned tankers. Energy Secretary Chris Wright said the U.S. will initially offer stored Venezuelan barrels for sale and then market ongoing production under government supervision, with proceeds held in U.S.-controlled accounts. PDVSA confirmed negotiations with Washington on crude sales using structures similar to existing arrangements with Chevron, the only U.S. major currently operating there. EIA data showed a larger-than-expected draw in U.S. crude stocks, though gasoline and distillate inventories rose sharply, and stocks at Cushing increased. Softer U.S. labor data buoyed expectations for Fed rate cuts, supporting demand prospects.

LME base metals traded on a softer note, with copper slipping more than 0.5% to around \$12,830/ton, falling back below the \$13,000 mark as traders booked profits after a sharp rally to record highs earlier in the week. The pullback comes after prices surged on concerns over tightening supply and ongoing U.S. tariff uncertainty, which had driven strong speculative interest. Beyond near-term price action, market attention has also turned to the copper–gold ratio, a widely watched barometer of economic health. While copper typically outperforms during periods of expansion, its gains over the past two years have lagged gold, pushing the ratio sharply lower even as U.S. 10-year yields remain elevated. This divergence suggests copper markets may be overly pessimistic on growth, particularly given expectations that the Federal Reserve remains priced too dovishly by investors.

US natural gas futures rose over 1.5% to \$3.60/MMBtu, extending gains for a second session as lower output and cooler mid-January weather forecasts improved near-term demand expectations. A cold spell across the Midwest and East Coast (Jan 17–21) is likely to lift heating demand and support storage withdrawals. While Lower-48 production remains strong at 112.6 bcf/day, rising exports to Mexico offer incremental support. However, subdued domestic demand and softer LNG feedgas flows cap upside. It remains cautiously supportive in the near term, driven by weather-led consumption.

| Date        | IST   | Currency | Data                     | Forecast | Previous |
|-------------|-------|----------|--------------------------|----------|----------|
| 08-Jan-2026 | 18:30 | USD      | FOMC Member Miran Speaks |          |          |
|             | 19:00 | USD      | Unemployment Claims      | 213K     | 199K     |
|             | 20:30 | USD      | FOMC Member Miran Speaks |          |          |
|             | 21:00 | USD      | Natural Gas Storage      | -109B    | -38B     |

Source: Forexfactory

# Evening Track

|             | Commodity           | Support 3 | Support 2 | Support 1 | LTP    | Resistance 1 | Resistance 2 | Resistance 3 |
|-------------|---------------------|-----------|-----------|-----------|--------|--------------|--------------|--------------|
| Commodities | Spot Gold           | 4311.2    | 4376.3    | 4396.4    | 4428.9 | 4461.4       | 4481.5       | 4546.6       |
|             | MCX Gold Feb        | 134632    | 136041    | 136476    | 137181 | 137886       | 138321       | 139730       |
|             | Spot Silver         | 69.36     | 73.06     | 74.21     | 76.06  | 77.91        | 79.05        | 82.75        |
|             | MCX Silver Mar      | 225966    | 235877    | 238938    | 243893 | 248848       | 251909       | 261820       |
|             | MCX Copper Jan      | 1210.3    | 1247.9    | 1259.5    | 1278.4 | 1297.2       | 1308.8       | 1346.4       |
|             | MCX Zinc Jan        | 298.7     | 303.1     | 304.5     | 306.7  | 308.8        | 310.2        | 314.6        |
|             | MCX Lead Jan        | 182.8     | 186.8     | 188.1     | 190.2  | 192.2        | 193.5        | 197.5        |
|             | MCX Aluminium Jan   | 296.2     | 301.9     | 303.7     | 306.5  | 309.3        | 311.1        | 316.8        |
|             | MCX Crude Oil Jan   | 4953      | 5035      | 5060      | 5101   | 5142         | 5167         | 5249         |
|             | MCX Natural Gas Jan | 298.55    | 311.52    | 315.52    | 322.00 | 328.48       | 332.48       | 345.45       |

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Chart Source: Trading view

# Evening Track

## RATING SCALE FOR DAILY REPORT

|   |  |
|---|--|
| <b>BUY</b>  | We expect the commodity to deliver 1% or more returns    |
| <b>SELL</b>   | We expect the commodity to deliver (-1%) or more returns |
| <b>SIDEWAYS</b>   | 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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