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Crude Oil Prices rise as Saudi Aramco increases Asian sale price

Comex Gold futures extended losses for the second consecutive day, trading below \$2,645 per ounce pressured from recent statements by Federal Reserve officials, including Mary Daly and Adriana Kugler. They reiterated the Fed's commitment to combating inflation and achieving the 2% target, suggesting a more cautious approach to interest rate cuts in 2025. Lower interest rates typically favor gold, as it is a non-interest-bearing asset. However, the Fed's recent shift towards a more measured pace of rate cuts, as indicated by Chair Powell, may pose a headwind for gold, particularly after its significant 27% surge in 2024. Goldman Sachs Group Inc. said in a note that it no longer sees bullion reaching \$3,000 an ounce by the end of the year, pushing the forecast to mid-2026 on fewer Fed cuts.

Key economic data releases this week, including non-farm payrolls and job openings, will be monitored by investors alongside the release of the Federal Reserve's December meeting minutes, will provide crucial insights into the potential path for monetary policy adjustments in the coming months.

WTI Crude Oil strengthened to a near three-month high of approximately \$73.60 per barrel, driven by Saudi Arabia's unexpected increase in its official selling prices for Arab Light crude to Asian buyers. This move, exceeding market expectations by a significant margin, signals potential tightening of global oil supply. Following a surge in Oman and Dubai crude prices late last year due to supply constraints from Iran and Russia, the market witnessed renewed bullish momentum. This was further supported by declining US oil inventories and heightened market uncertainty. However, this optimism is currently being tempered by the anticipation of potential oversupply, the possible return of idled OPEC+ production, and subdued demand from China, the world's largest oil importer.

LME base metals trading mixed on Monday, reflecting investor uncertainty surrounding China's economic trajectory. While Beijing announced plans for more proactive macroeconomic policies and interest rate cuts to stimulate growth, and services sector activity demonstrated resilience, the strengthening US dollar exerted pressure on copper and other metals. Despite China signaling support for its currency against the strengthening dollar, LME Aluminum traded near a three-month low of \$2,488 per ton. LME Copper and Lead is trading positive by over 0.5% today at \$ 8,911 and \$1,934 respectively.

US natural gas futures surged to \$3.60/MMBtu Monday, recovering from a significant drop on Friday. This rebound stems from forecasts of extreme cold across the central and eastern US this month. Temperatures are projected to plummet up to 20°F below normal, with potential for ice storms and heavy snow, posing risks to power infrastructure and transportation, particularly in the Ohio Valley and Missouri.

Traders will now closely monitoring Fed member speech along with Final Service PMI and Factory Orders, for insights into the Fed’s policy direction.

Date	IST	Currency	Data	Forecast	Previous
06-Jan-25	20:00	USD	FOMC Member Cook Speaks		
	20:15	USD	Final Services PMI	58.5	58.5
	20:30	USD	Factory Orders m/m	-0.3%	0.2%

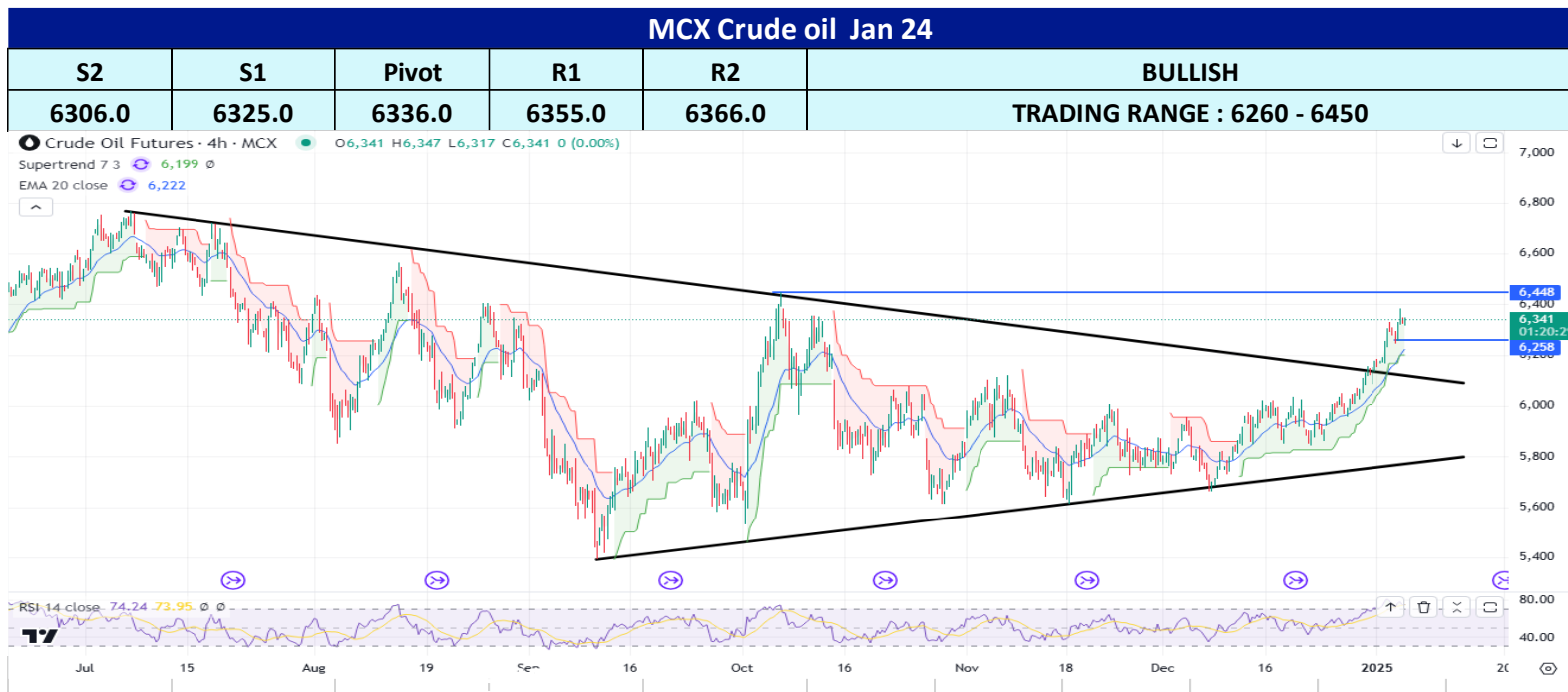
Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2592.4	2614.8	2621.7	2632.9	2644.1	2651.0	2673.4
	MCX Gold Feb	76233	76727	76879	77126	77373	77525	78019
	Spot Silver	29.03	29.44	29.57	29.77	29.97	30.10	30.51
	MCX Silver Mar	88009	88996	89301	89794	90287	90592	91579
	MCX Copper Jan	791.9	798.1	800.1	803.2	806.3	808.3	814.5
	MCX Zinc Jan	269.0	271.9	272.8	274.3	275.7	276.6	279.5
	MCX Lead Jan	175.3	176.2	176.4	176.9	177.4	177.6	178.5
	MCX Aluminium Jan	234.7	236.6	237.2	238.1	239.0	239.6	241.5
	MCX Crude Oil Jan	6206	6282	6305	6343	6381	6404	6480
	MCX Natural Gas Jan	277.72	297.22	303.25	313.00	322.75	328.78	348.28

Source: Bloomberg, KS Commodity Research

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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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