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Base metal edge higher on tariff uncertainty, China stimulus

Comex Gold futures extended their gains for the second consecutive day, as it trading above \$2,681 per ounce as market speculation regarding the Federal Reserve's potential for easing monetary policy. Today prices are showing limited movements as many US financial markets are closed today. However, the recent release of US private-sector employment data, indicating robust hiring and wage growth, has introduced renewed inflation concerns, prompting the Fed to exercise caution in its rate-cutting plans. Traders now keenly await the release of Friday's non-farm payrolls data for December. Expectations point towards moderating yet still-robust job growth, a trend anticipated to persist into 2025. A survey conducted by 22V Research highlights the heightened significance of this report among investors.

WTI crude oil futures traded near \$73 per barrel on Thursday as US crude stockpiles continued to decline, further evidence of economic weakness in China weighed on prices. Chinese consumer inflation dipped closer to zero, hindering the effectiveness of government stimulus measures. Factory deflation in the world's largest oil importer also persisted. Conversely, crude inventories at the Cushing, Oklahoma hub reached their lowest level since 2014. Oil prices had briefly touched \$75 in the session, marking their highest point since mid-October. Despite concerns about a global glut, oil prices have demonstrated strength in early 2025.

LME base metal prices experienced an uptick on Thursday as traders remained cautious amid uncertainties surrounding the potential impact of the incoming administration's tariff policies. LME Copper is up 0.60% to trade near 9,085 per ton while LME Zinc and Aluminium is up by over 1.50%. Economic data from China, the world's largest metals consumer, also influenced market sentiment. Chinese consumer inflation decelerated to 0.1% year-on-year in December, marking the slowest pace of growth since April. Meanwhile, producer prices continued to decline, indicating persistent deflationary pressures within the Chinese economy. The appreciation of the U.S. dollar also exerted a moderating influence on base metal prices.

European natural gas prices declined for the third time in four days on Thursday, driven by a milder weather forecast and increased availability of seaborne LNG. This follows a recent surge in prices triggered by the halt of Russian gas supplies via Ukraine. While initial concerns over supply shortages led to price spikes, the market has since stabilized. Europe has imported 3.2 million tons of LNG so far this year, with the US being the primary supplier. Factors contributing to the price decline include a moderating weather outlook, ample LNG supply from the US due to favorable European prices, and a potential shift by Asian consumers towards oil-based fuels as LNG prices have become more expensive.

Market participants awaits for upcoming speeches from Harker and Barkin for policy guidance.

Date	IST	Currency	Data	Forecast	Previous
08-Jan-25	19:30	USD	FOMC Member Harker Speaks		
	11:15	USD	FOMC Member Barkin Speaks		

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2628.5	2649.0	2655.3	2665.6	2675.8	2682.2	2702.7
	MCX Gold Feb	77058	77555	77709	77957	78205	78359	78856
	Spot Silver	29.51	29.92	30.04	30.25	30.45	30.58	30.99
	MCX Silver Mar	89583	90607	90924	91436	91948	92265	93289
	MCX Copper Jan	811.8	819.0	821.2	824.8	828.4	830.6	837.8
	MCX Zinc Jan	266.2	269.3	270.3	271.9	273.4	274.4	277.5
	MCX Lead Jan	175.1	176.1	176.4	176.9	177.3	177.6	178.6
	MCX Aluminium Jan	238.3	240.2	240.8	241.8	242.7	243.3	245.2
	MCX Crude Oil Jan	6133	6217	6244	6286	6328	6355	6439
	MCX Natural Gas Jan	279.71	296.29	301.41	309.70	317.99	323.11	339.69

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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