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Commodities firms on rate cut optimism, weaker dollar

COMEX Gold prices rose above \$2,560 an ounce after Federal Reserve Chairman Jerome Powell confirmed expectations that the central bank will start cutting interest rates next month. The rise in gold prices also supported by haven demand due to geopolitical risks and uncertainty ahead of the US election in November. Additionally, buying from central banks and Asian consumers contributed to the bullishness. Investors are also monitoring escalating tensions in the Middle East, after Israel launched a preemptive strike on Hezbollah targets in southern Lebanon over the weekend.

On Friday, Powell said the “time has come” to pivot to monetary easing and made clear his intention to prevent further cooling in the US labor market. Lower borrowing costs typically increase the attractiveness of gold, which doesn’t pay interest, relative to Treasuries. (Bloomberg)

The Fed chair provided no indication of the size of cuts or the direction of easing, but acknowledged progress on inflation and said central bankers will keep a close check on the labor market's health as a signpost for where to go with policy. His statements were enough to drive US Treasury yields and the currency lower while stocks rose on Friday, as investors saw a green light to take on risk.

WTI Crude Oil advanced above \$ 76.3 as Israeli military strike on Hezbollah positions in Lebanon has escalated tensions in the Middle East. The attack, which targeted thousands of Hezbollah missile launchers, prompted retaliation from the militant group with over 200 projectiles fired into Israel. While the Israeli military claims limited damage, the incident has pushed WTI crude oil prices. The escalation comes amid ongoing regional conflicts and highlights the fragile security situation in the Middle East.

Hezbollah, which is backed by Iran and designated a terrorist organization by the US, said it had concluded its military operation for the day, but that it will continue hostilities with Israel until the country agrees to a cease-fire in Gaza. (Bloomberg)

LME market closed due to Summer bank Holiday

European natural gas prices continued to fall on Monday, following a 7% drop last week. Traders are becoming less concerned about supply issues as gas storage facilities reach capacity. Benchmark futures decreased by as much as 2% despite heightened tensions in the Middle East. An Israeli attack on Hezbollah targets in southern Lebanon raised concerns, but it did not significantly impact gas prices.

Investors will today focusing on Powell's address later in the evening and New Home sales.

Date	IST	Currency	Data	Forecast	Previous
26-Aug-24	18:00	USD	Core Durable Goods Orders m/m	0.0%	0.40%
	18:00	USD	Durable Goods Orders m/m	4.0%	-6.70%

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2479.0	2504.3	2512.1	2524.8	2537.4	2545.2	2570.5
	MCX Gold Oct	71124	71717	71900	72197	72494	72677	73270
	Spot Silver	29.02	29.62	29.80	30.10	30.40	30.59	31.18
	MCX Silver Sep	83809	85067	85455	86084	86713	87101	88359
	MCX Copper Aug	785.8	793.2	795.5	799.3	803.0	805.3	812.7
	MCX Zinc Aug	263.0	266.3	267.3	268.9	270.5	271.5	274.8
	MCX Lead Aug	186.0	187.3	187.7	188.4	189.0	189.4	190.7
	MCX Aluminium Aug	225.0	228.3	229.4	231.0	232.6	233.7	237.0
	MCX Crude Oil Sep	6150	6268	6304	6363	6422	6458	6576
	MCX Natural Gas Sep	171.95	177.67	179.44	182.30	185.16	186.93	192.65



Source: Trading View

Evening Track

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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