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Gold resumes rally on safe haven demand, macro uncertainty

Comex gold futures climbed for a second straight day, surpassing \$2,925 per ounce, fueled by ongoing concerns about a potential global trade war. The prospect of escalating trade tensions bolstered gold's safe-haven appeal. However, hawkish comments from Federal Reserve officials limited further gains. Fed Governors Bowman and Waller both expressed cautious views on additional interest rate cuts, citing persistent inflationary pressures. Investors are now focused on the release of the Fed's meeting minutes on Wednesday, which could provide further insights into the central bank's policy outlook. Additionally, geopolitical developments, including the ongoing Russia-Ukraine conflict, remain a key factor influencing market sentiment.

WTI crude oil futures remained stable near \$71.6 per barrel after a price increase, influenced by OPEC+ discussions on potential output delays and a Ukrainian drone attack on a Russian crude oil pumping station. OPEC+ is considering postponing the planned 120,000 barrel-a-day production increase for the fourth time since 2022, due to start in April. This decision follows a Ukrainian strike that has slowed exports through the main pipeline from Kazakhstan. However, Russian Deputy Prime Minister Alexander Novak stated that no deferral has been discussed. Meanwhile, Iraqi Oil Minister Hayyan Abdul Ghani announced that exports from the Kurdistan region could resume within a week, following a halt in March 2023. However, concerns over a potential global trade war, fueled by President Donald Trump's reciprocal tariffs, limited further gains.

LME base metal prices are declining due to potential Russian copper re-entering the Western market if US-led efforts to end the Russia-Ukraine war succeed. LME Aluminium and Lead are down by 0.60% and 0.30% respectively while LME Copper is trading mostly unchanged near \$9,930 per ton. Earlier copper prices jumped to 2-months high on tariff threats caused US market tightness concerns, as the US imports 45% of its copper. However, these concerns eased after the administration signaled copper tariffs would be delayed compared to aluminum and steel. Potential tariffs are bearish for copper, potentially slowing global growth and demand. Simultaneously, Chinese smelting restrictions due to overcapacity have increased copper imports and reduced inventories, though smelting firms face profitability challenges

European natural gas prices are declining for the longest stretch in a year as traders monitor US-brokered talks between Russia and Ukraine. Discussions between top US and Russian officials in Saudi Arabia have raised speculation about the potential return of some Russian gas to the European market, adding to downward pressure on prices. While a deal may take time, this prospect, coupled with milder weather forecasts and increased seaborne fuel imports, has contributed to the price drop. These factors follow a series of other bearish drivers that have recently emerged, further influencing the market sentiment..

Today, attention turns to the Empire State Manufacturing Index and Fed speakers for economic insights.

| Date | IST | Currency | Data | Forecast | Previous |
|-----------|-------|----------|----------------------------------|----------|----------|
| 18-Feb-25 | 19:00 | USD | Empire State Manufacturing Index | | |

Source: Forex factory

| | Commodity | Support 3 | Support 2 | Support 1 | LTP | Resistance 1 | Resistance 2 | Resistance 3 |
|-------------|---------------------|-----------|-----------|-----------|--------|--------------|--------------|--------------|
| Commodities | Spot Gold | 2859.7 | 2889.4 | 2898.5 | 2913.4 | 2928.2 | 2937.3 | 2967.0 |
| | MCX Gold Apr | 84152 | 84875 | 85099 | 85460 | 85821 | 86045 | 86768 |
| | Spot Silver | 31.49 | 32.05 | 32.22 | 32.51 | 32.79 | 32.96 | 33.52 |
| | MCX Silver Mar | 93917 | 95087 | 95448 | 96033 | 96618 | 96979 | 98149 |
| | MCX Copper Feb | 849.6 | 857.5 | 859.9 | 863.9 | 867.9 | 870.3 | 878.2 |
| | MCX Zinc Feb | 264.4 | 266.9 | 267.7 | 269.0 | 270.3 | 271.1 | 273.6 |
| | MCX Lead Feb | 177.9 | 178.8 | 179.1 | 179.6 | 180.1 | 180.4 | 181.3 |
| | MCX Aluminium Feb | 255.1 | 257.2 | 257.9 | 258.9 | 259.9 | 260.6 | 262.7 |
| | MCX Crude Oil Feb | 6104 | 6186 | 6212 | 6253 | 6294 | 6320 | 6402 |
| | MCX Natural Gas Feb | 295.82 | 304.82 | 307.60 | 312.10 | 316.60 | 319.38 | 328.38 |

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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