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Gold edges up but set for second weekly loss on thawing trade war, jobs data in focus

Comex Gold futures witnessed a slight uptick trading above \$3,270 per ounce today due to a weaker dollar but are on track for their first consecutive weekly loss this year. Easing US-China trade tensions have diminished gold's safe-haven appeal as China considers trade talks with the US, following optimistic remarks from President Trump about potential deals with multiple nations and a partial easing of auto tariffs. Despite recent data showing a US economic contraction in Q1 and a flat PCE price index in March, improved risk appetite driven by strong tech earnings has reduced bets on US interest rate cuts. Investors are now focused on the upcoming nonfarm payrolls report for further insights into the Federal Reserve's policy direction. The potential for US-China trade negotiations is a key factor weighing on safe-haven demand for gold.

WTI crude oil prices held steady near \$59 per barrel on Friday, poised for a second consecutive weekly loss. Market sentiment was mixed, influenced by China's indication of openness to U.S. tariff talks, which raised hopes for de-escalation and supported prices. However, these gains were tempered by concerns over potential increased supply from the OPEC+ alliance. President Trump's pledge of secondary sanctions on Iranian oil buyers had provided earlier price support by raising supply concerns. Conversely, the prospect of higher output from OPEC+, as the cartel plans to discuss June policy on Monday, weighed on the market. The balance between easing trade tensions, Iranian sanctions, and potential OPEC+ supply adjustments is creating uncertainty in the fragile global oil market.

Base metals on the LME posted broad gains in Friday's session, with copper leading the rally, up nearly 2% to \$9,385/ton. The rebound came amid signs of thawing US-China trade tensions, as both sides indicated willingness to engage in tariff talks. Sentiment was further supported by President Trump's remarks on potential trade deals with key Asian partners. Despite the late-week rebound, copper prices could remain under pressure due to disappointing US economic data and subdued manufacturing activity in China. However, physical market indicators such as declining inventories and rising import premiums still point to underlying supply tightness outside the US.

European natural gas rising by as much as 2.4% triggered by China's announcement of evaluating potential trade discussions with the US, which spurred a broader market rally across global stocks and energy sectors. The possibility of eased trade tensions countered earlier concerns regarding their impact on energy demand, which had contributed to a 20% decline in gas prices over the past month. Furthermore, a slight discount in summer gas prices compared to winter contracts in Europe is incentivizing inventory restocking. This is facilitated by reduced LNG imports in Asia, down 10% y/y, thereby increasing supply availability for European buyers.

Today, investors now turn their focus to today's April jobs report and Factory orders for cues on the economy's direction and potential Fed policy adjustments.

| Date | IST | Currency | Data | Forecast | Previous |
|-----------|-------|----------|-----------------------------|----------|----------|
| 02-May-25 | 18:00 | USD | Average Hourly Earnings m/m | 0.3% | 0.3% |
| | 18:00 | USD | Non-Farm Employment Change | 138K | 228K |
| | 18:00 | USD | Unemployment Rate | 4.2% | 4.2% |
| | 19:30 | USD | Factory Orders m/m | 4.4% | 0.6% |

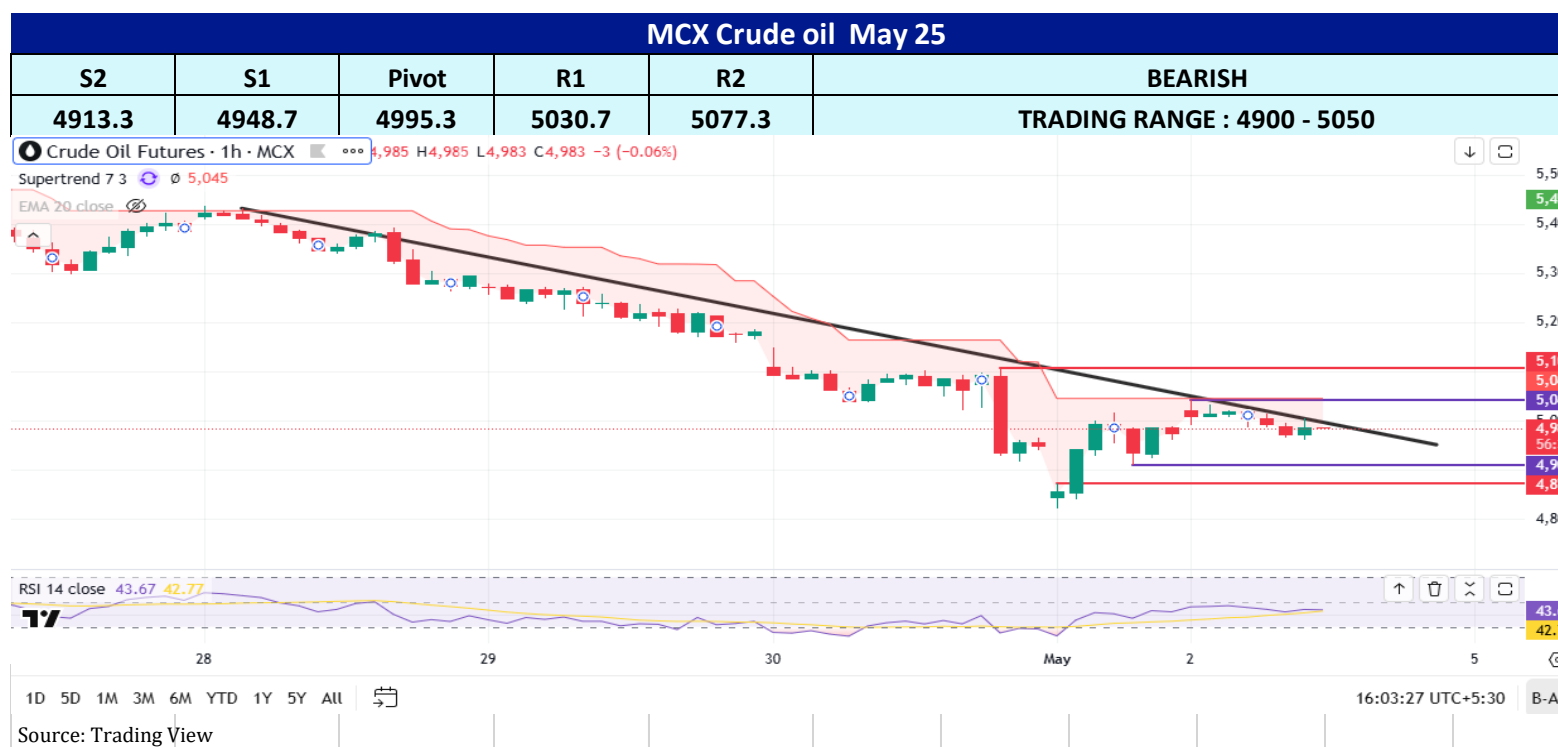
Source: Forex factory

Evening Track

| | Commodity | Support 3 | Support 2 | Support 1 | LTP | Resistance 1 | Resistance 2 | Resistance 3 |
|-------------|---------------------|-----------|-----------|-----------|--------|--------------|--------------|--------------|
| Commodities | Spot Gold | 3160.0 | 3217.0 | 3234.6 | 3263.1 | 3291.5 | 3309.1 | 3366.1 |
| | MCX Gold Jun | 90549 | 92136 | 92626 | 93420 | 94214 | 94704 | 96291 |
| | Spot Silver | 31.39 | 31.99 | 32.18 | 32.47 | 32.77 | 32.96 | 33.55 |
| | MCX Silver May | 91505 | 92959 | 93408 | 94135 | 94862 | 95311 | 96765 |
| | MCX Copper May | 821.1 | 831.4 | 834.6 | 839.8 | 845.0 | 848.2 | 858.5 |
| | MCX Zinc May | 240.7 | 243.6 | 244.5 | 245.9 | 247.3 | 248.2 | 251.1 |
| | MCX Lead May | 175.3 | 176.2 | 176.5 | 177.0 | 177.4 | 177.7 | 178.6 |
| | MCX Aluminium May | 228.1 | 230.7 | 231.5 | 232.9 | 234.2 | 235.0 | 237.6 |
| | MCX Crude Oil May | 4746 | 4877 | 4917 | 4982 | 5047 | 5087 | 5218 |
| | MCX Natural Gas May | 274.47 | 283.94 | 286.86 | 291.60 | 296.34 | 299.26 | 308.73 |

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



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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