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### **Commodities trading mixed as President Trump plans tariffs on Canada, Mexico**

Comex Gold Spot surged to trade near a two-month high, trading around \$2,720 per ounce. This rally followed the US President's announcement of potential tariffs on Mexico and Canada early next month. While tariffs on China were momentarily withheld, the threat of a trade war with key North American partners ignited market volatility. The proposed 25% tariffs could significantly impact global trade and exacerbate inflationary pressures. Trump's consideration of a universal tariff on all imports further heightened concerns. Although not yet implemented, this policy could further fuel inflation and potentially compel the US Federal Reserve to maintain a restrictive monetary policy for an extended period. These developments have created uncertainty within the market and boosted safe-haven demand for gold. South Africa's mining output declined in November, with gold production falling sharply while platinum group metals production continued to grow.

WTI Crude Oil futures plummeted over 2% to near \$75.80/barrel on Tuesday as US government's shift in energy policy, prioritizing fossil fuel production and reversing climate change initiatives. The potential imposition of 25% tariffs on Canadian and Mexican oil imports, while delayed to February 1st, remains a market concern, particularly for Canadian crude exports heavily reliant on the US market. Furthermore, the looming threat of increased tariffs on Chinese imports adds to market uncertainty amidst China's economic weakness. Conversely, the recent Israel-Hamas ceasefire and hostage release agreement has contributed to a slight easing of geopolitical risk and a subsequent decline in oil prices.

LME metals trade lower amid heightened trade war fears after the US's threat of tariffs on major economies, including China, fueled concerns about a global economic slowdown, dampening demand for industrial metals like copper. While an initial cautious approach towards China offered some respite, uncertainty surrounding US trade policies continued to weigh on sentiment. Further, traders remained apprehensive ahead of the Lunar New Year holiday in China and anticipated interest rate decisions from central banks. Hope for Chinese stimulus measures persisted, with state media hinting at potential reductions in reserve requirements by the People's Bank of China. Today, LME Copper is down about 1% to trade at 9,180 per ton while Zinc and Aluminium has fallen more than 1.3% to \$2,920 and \$2,654 per ton.

European natural gas prices climbed about 1.6% in today's trade driven by anticipated tight supply conditions in 2025. The International Energy Agency (IEA) forecasts a 15% surge in European LNG demand next year, indicating sustained elevated prices to attract global cargoes. While the US lifted its export moratorium, concerns remain due to the halted Russian gas flows to Europe. This disruption, though not immediately critical, could increase European LNG import needs, further tightening the global market. Despite a 15% rise in European LNG imports this year, storage levels currently stand at 60% capacity.

Date	IST	Currency	Data	Forecast	Previous
21-Jan-25			No major economic data		

Source: Forex factory

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2683.7	2704.9	2711.4	2721.9	2732.5	2739.0	2760.2
	MCX Gold Feb	78090	78546	78687	78915	79143	79284	79740
	Spot Silver	29.59	30.08	30.23	30.48	30.72	30.87	31.37
	MCX Silver Mar	89554	90683	91032	91597	92162	92511	93640
	MCX Copper Jan	820.0	826.1	828.0	831.0	834.0	835.9	842.0
	MCX Zinc Jan	271.4	274.1	275.0	276.4	277.7	278.6	281.3
	MCX Lead Jan	174.3	175.8	176.2	177.0	177.7	178.1	179.6
	MCX Aluminium Jan	250.5	252.9	253.7	254.9	256.0	256.8	259.2
	MCX Crude Oil Feb	6385	6499	6535	6592	6649	6685	6799
	MCX Natural Gas Jan	306.82	322.84	327.79	335.80	343.81	348.76	364.78

Source: Bloomberg, KS Commodity Research

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<b>BUY</b>	We expect the commodity to deliver 1% or more returns
<b>SELL</b>	We expect the commodity to deliver (-1%) or more returns
<b>SIDEWAYS</b>	We expect the commodity to trade in the range of (+/-)1%
<b>NOTE - The recommendations are valid for one day from the date of issue of the report, subject to mentioned stop loss, if any</b>	

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