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June 23, 2025

Gold and Crude oil prices swing as markets eye Iran's retaliation

Comex Gold August future trading near \$3,365 per ounce, reversing earlier gains, as the market awaits Iran's response to the recent US-led attacks on its nuclear facilities. The escalation has strengthened the dollar and sharply increased oil prices due to fears of Iranian retaliation against Middle Eastern energy infrastructure or shipping in the Strait of Hormuz. While the geopolitical instability has fueled gold's year-to-date rally of nearly 30%, a sustained rise in energy prices could trigger inflation, potentially deterring Federal Reserve rate cuts. This scenario would be bearish for gold, which offers no interest. So far, Tehran has refrained from major retaliatory strikes, with its allies offering only rhetorical support and its armed militias unwilling or unable to engage, possibly due to a desire to avoid antagonizing China with higher oil prices.

WTI crude oil initially surging 6.2% to \$78.40 a barrel before falling below \$74.50 after US strikes on key Iranian nuclear sites, which Trump stated had "obliterated" targets at Fordow, Natanz, and Isfahan. Trump further threatened action that is more military if Iran didn't pursue peace, to which Tehran warned of "everlasting consequences." The oil market has been on edge since Israel's attack on Iran over a week ago, fueling fears of supply disruptions from the Middle East, which accounts for a third of global crude production. The primary concern remains the Strait of Hormuz, a critical chokepoint through which a fifth of the world's crude passes. Iran's parliament has called for its closure, adding to the overlapping risks for crude flows, despite no current signs of physical supply interruptions.

LME base metals kicked off the week on a mixed note, with aluminium extending its winning streak up 1% to hit \$2,550/ton, a 3-month high. The rally in aluminium driven by heightened geopolitical tensions after U.S. airstrikes on Iranian nuclear facilities raised fears of supply disruptions and soaring energy costs, which make up 40–45% of aluminium production expenses. Market nerves intensified as Trump warned of further military action unless a peace deal with Israel is reached. Aluminium briefly spiked before paring gains as markets awaited Iran's response. In contrast, copper prices edged lower as market sentiment was further weighed by reports that Chinese smelters are offering to process copper at record-low treatment fees, reflecting excess smelting capacity and a tightening global ore supply.

US natural gas futures are trading around \$3.9/MMBtu, building on last week's 8.8% gain supported by geopolitical tensions with markets closely watching Iran's potential response to recent US strikes. This raises concerns about LNG supply disruptions via the critical Strait of Hormuz. Domestically, a severe heat wave expected across the Midwest and East Coast would likely boost electricity demand for air conditioning, increasing natural gas consumption. While US gas output in June averages 105.3 bcf/d, it remains slightly below March's record due to seasonal maintenance. In project news, Freeport LNG has requested a 40-month extension, pushing its Train 4 expansion completion target to December 2031.

Today, investors will focus on Flash Manufacturing and Services PMI along with existing home sales

Date	IST	Currency	Data	Forecast	Previous
23-Jun-2025	19:15	USD	Flash Manufacturing PMI	51.1	52
	19:15	USD	Flash Services PMI	52.9	53.7
	19:30	USD	Existing Home Sales	3.96M	4.00M

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3300.1	3336.4	3347.6	3365.8	3383.9	3395.2	3431.5
	MCX Gold Aug	97758	98588	98844	99259	99674	99930	100760
	Spot Silver	35.16	35.71	35.88	36.15	36.42	36.59	37.14
	MCX Silver Jul	104365	105717	106135	106811	107487	107905	109257
	MCX Copper Jun	869.8	875.3	877.0	879.8	882.6	884.3	889.8
	MCX Zinc Jun	251.3	253.5	254.2	255.3	256.4	257.1	259.3
	MCX Lead Jun	177.5	178.2	178.4	178.8	179.2	179.4	180.1
	MCX Aluminium Jun	243.9	246.2	246.9	248.1	249.2	249.9	252.2
	MCX Crude Oil Jul	6113	6294	6350	6440	6530	6586	6767
	MCX Natural Gas Jun	317.28	328.46	331.91	337.50	343.09	346.54	357.72

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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