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Markets cautious ahead of US retail sales, FOMC policy decision

Comex Gold prices pulled back from higher levels and edged lower towards \$2600/oz after hitting a record high of \$2617.4/oz as markets keenly await the FOMC policy decision wherein the Fed is widely expected to pivot to lower interest rates.

According to CME's FedWatch Tool, Fed fund futures indicate that investors are increasingly betting the Federal Reserve will opt for a 50 basis point cut, with markets pricing in a 67% chance, while the odds for a modest 25 basis point reduction slipped to 33%.

Former Federal Reserve Bank of New York President Bill Dudley is among those expecting a 50 basis-point move. "Monetary policy is tight, when it should be neutral or even easy," he wrote in a Bloomberg column. "And a bigger move now makes it easier for the Fed to align its projections with market expectations, rather than delivering an unpleasant surprise not warranted by the economic outlook." (Bloomberg)

WTI Crude Oil prices slipped below \$70 a barrel on limited global risk appetite ahead of widely anticipated interest-rate cut by the Federal Reserve this week. Also, lingering demand concerns from China highlighted by weak economic data and slowing refinery runs weigh on prices.

LME base metals are trading mixed as markets keenly await more stimulus from China, the world's top metals consumer, following a slew of weak economic statistics that's fueled concerns over the longer-term consumption outlook. Aluminium prices held gains made yesterday after a water storage facility overflowed at a plant in India on Sunday fueled supply disruption concerns for the key raw material, Alumina, although company denied any disruption to current operations.

European natural gas attempted a recovery after a 4.4% drop on Monday to €34.61 a megawatt-hour, lowest level since late July, owing to a blast of cold weather as autumn begins in the Northern Hemisphere could boost consumption at a time when the global gas market remains tight. European gas prices have remained under pressure, as regional gas storage sites are more than 93% full, higher than usual for the time of year.

For today, investors will be cautiously awaiting US retail sales numbers as a stronger consumer spending continuing into August may again push the bets towards a modest 25 bps cut while softer retail sales figures may boost bets of a 50 bps cut further.

Date	IST	Currency	Data	Forecast	Previous
17-Sep-24	18:00	USD	Core Retail Sales m/m	0.20%	0.40%
	18:00	USD	Retail Sales m/m	-0.20%	1%
	18:45	USD	Industrial Production m/m	0.10%	-0.60%
	19:30	USD	FOMC Member Logan Speaks		

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2540.3	2559.7	2565.7	2575.4	2585.1	2591.1	2610.5
	MCX Gold Oct	72431	72892	73034	73265	73496	73638	74099
	Spot Silver	29.67	30.24	30.41	30.70	30.98	31.15	31.72
	MCX Silver Dec	86861	88183	88591	89252	89913	90321	91643
	MCX Copper Sep	794.0	802.6	805.2	809.5	813.8	816.4	825.0
	MCX Zinc Sep	262.4	266.0	267.1	269.0	270.8	271.9	275.5
	MCX Lead Sep	179.3	181.0	181.5	182.4	183.3	183.8	185.5
	MCX Aluminium Sep	226.7	229.4	230.2	231.6	232.9	233.7	236.4
	MCX Crude Oil Sep	5663	5790	5829	5893	5957	5996	6123
	MCX Natural Gas Sep	187.88	194.41	196.43	199.70	202.97	204.99	211.52

Source: Bloomberg, KS Commodity Research

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Source: Trading View

BUY	
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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