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Crude Oil risk premium eases slightly amid US-Iran diplomatic talk progress; Gold strengthens on dip buying ahead of Fed signals

Spot Gold rebounded roughly 1% while silver advanced nearly 3%, recovering from a two-session decline as investors stepped in on dips amid thin holiday liquidity. The move comes as markets reassess the Federal Reserve's policy trajectory. Recent Fed commentary indicates rates may remain steady until inflation shows clearer convergence toward target, though conditional scope for easing later in the year remains on the table. Expectations around borrowing costs continue to anchor near-term price direction, given the sensitivity of non-yielding assets to real rate dynamics. Market participants are now focused on upcoming FOMC minutes, GDP, and PCE data for confirmation of the policy path. Liquidity conditions remain subdued due to the Lunar New Year, amplifying intraday volatility. Meanwhile, incremental progress in geopolitical negotiations has tempered immediate safe-haven urgency. The trend remains supportive amid persistent geopolitical risk, diversification flows away from sovereign assets, and a gradually easing policy bias underpin a constructive medium-term outlook for precious metals.

WTI crude oil futures are holding steady above \$62.4 per barrel on Wednesday, tracking the prior session's close as markets balance diplomatic developments with elevated geopolitical risk. Recent US–Iran nuclear talks were described as constructive, with Tehran signaling a “general agreement,” though key issues remain unresolved. Risk premium persists after Iran temporarily restricted parts of the Strait of Hormuz for military drills, while the US deployed a second aircraft carrier to the region. Parallel Ukraine–Russia discussions in Geneva add another variable to energy sentiment. On the supply front, Kazakhstan's Tengiz field is ramping up production following January disruptions. Inventory expectations are mixed: crude stocks are projected to rise by 2.3 million barrels, while gasoline and distillates are expected to draw. Going forward, supply normalization caps upside, but sustained regional tensions should limit downside.

Base metals traded mixed, with zinc emerging as the only decliner, while copper rebounded nearly 1% to around \$12,724/ton, recovering from recent lows. The bounce followed consolidation and improved risk sentiment, though upside remains capped by a firmer US dollar and rising exchange inventories. Copper stockpiles have climbed to an eleven-month high, heightening near-term oversupply concerns amid seasonally soft physical demand during the Lunar New Year. Aluminium remains supported by declining LME inventories and capped Chinese smelting capacity. However, muted Asian participation is limiting follow-through buying. Markets now shift focus to US macro triggers, including the PCE Price Index (Feb 20), FOMC minutes, advance GDP, and flash PMIs. A softer inflation print could revive rate-cut expectations. Expect range-bound trade with downside cushioned by supply discipline, but rallies constrained until inventory overhang eases and clearer macro direction emerges.

US natural gas futures trading moderately lower near \$3.00/MMBtu, near 4-month low, pressured by near-record production and softer weather-driven demand. Warmer-than-normal conditions through early March are limiting heating consumption, allowing storage levels to remain relatively comfortable. Lower 48 output is averaging 108.5 bcf/d in February, up from 106.3 bcf/d in January, with daily production recently peaking near 111 bcf/d, close to record highs. LNG flows have improved to 18.6 bcf/d, offering partial support. Thus, sustained supply strength and muted demand skew the near-term fundamental outlook bearish.

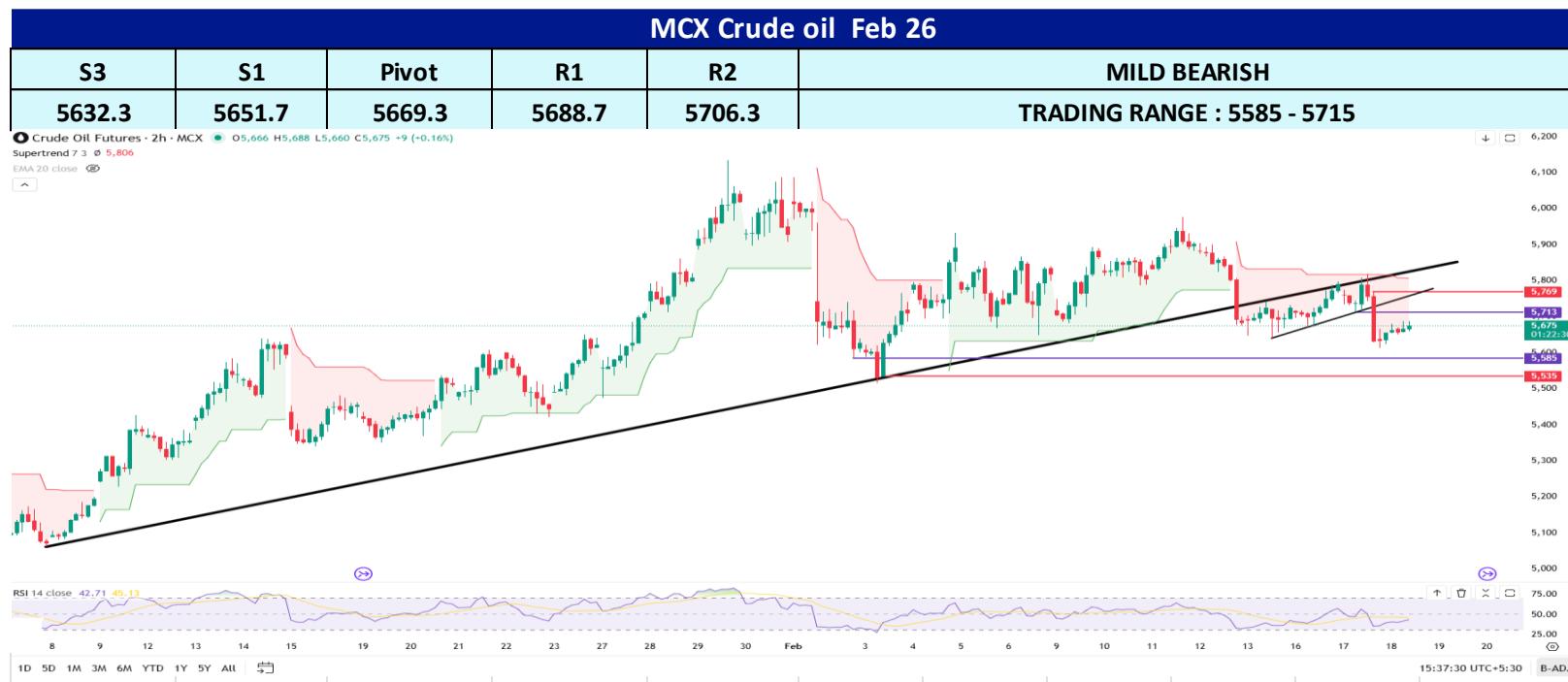
Date	IST	Currency		Forecast	Previous
18-Feb-2026	19:00	USD	Core Durable Goods Orders m/m	0.3%	0.4%
	19:00	USD	Durable Goods Orders m/m	-1.8%	5.3%
19-Feb-2026	00:30	USD	FOMC Meeting Minutes		

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	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4695.0	4819.0	4857.3	4919.3	4981.3	5019.6	5143.6
	MCX Gold Apr	146094	149807	150954	152810	154666	155813	159526
	Spot Silver	66.04	71.46	73.13	75.84	78.54	80.22	85.63
	MCX Silver Mar	211531	225419	229710	236654	243598	247889	261777
	MCX Copper Feb	1109.1	1139.8	1149.3	1164.7	1180.1	1189.6	1220.3
	MCX Zinc Feb	312.0	316.3	317.7	319.9	322.1	323.5	327.8
	MCX Lead Feb	184.0	185.7	186.2	187.0	187.8	188.3	190.0
	MCX Aluminium Feb	296.6	301.1	302.5	304.8	307.0	308.4	312.9
	MCX Crude Oil Feb	5457	5575	5612	5671	5730	5767	5885
	MCX Natural Gas Feb	248.88	262.60	266.84	273.70	280.56	284.80	298.52

Source:Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Source: Trading View

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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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