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Gold at one-month high on course of third weekly gains on rate cut hopes

Comex Gold futures trading steady near a one-month high above \$2,730 per ounce on Friday, buoyed by renewed expectations of US interest rate cuts this year. This surge follows softer-than-expected US inflation data, prompting investors to increase bets on the Federal Reserve easing monetary policy further. Fed Governor Christopher Waller's comments on Thursday further fueled these expectations. He indicated that the central bank could lower interest rates again in the first half of 2025 if favorable inflation trends persist. Waller even acknowledged that a rate cut in March could not be entirely ruled out. The recent spate of positive US economic data has also exerted downward pressure on Treasury yields, further supporting gold prices. Gold thrives in an environment of lower interest rates, as it becomes more attractive as an investment compared to yield-bearing assets.

WTI crude oil futures are trading above \$78 per barrel today, driven by concerns over global supply disruptions. US sanctions on Russia, coupled with increased demand due to cold weather and depleted US crude stockpiles, are tightening the market. The incoming administration is considering a comprehensive sanctions strategy targeting Russia, Iran, and Venezuela, with a focus on the Russian oil industry. This has significantly impacted the market, with freight costs surging and major buyers seeking alternative suppliers. The recent rally in crude prices reflects these geopolitical and economic factors, highlighting the delicate balance of global oil supply and demand.

LME base metals have experienced sustained gains this week, driven by positive economic data as China achieving its 2024 GDP growth target of 5%, with Q4 growth reaching 5.4%, the fastest pace in six quarters. Industrial production and retail sales exceeded expectations, while the decline in home prices slowed, indicating a potential recovery in the property sector. This positive economic backdrop has significantly boosted the demand outlook for industrial metals, particularly copper, which is poised for its eighth consecutive day of gains. LME Copper is trading above \$9,260 per ton heading for an eighth day of gains, its longest winning streak since 2017 while LME Zinc and Aluminium is trading positive by 1.70% and 1.25% respectively.

European natural gas prices are on track for a weekly gain, with traders adopting a cautious stance ahead of President-elect Donald Trump's second term. Market participants are awaiting clarity on the Trump administration's forthcoming policies. These policies, encompassing potential sanctions and trade measures, are expected to significantly impact the energy landscape. The administration's decisions regarding LNG export plans and its influence on global conflicts, such as the Ukraine situation, are likely to induce further market volatility.

Today, investors await for the US housing and industrial production data.

Date	IST	Currency	Data	Forecast	Previous
17-Jan-25	19:00	USD	Building Permits	1.46m	1.49
	19:00	USD	Housing Starts	1.33M	1.29M
	19:45	USD	Capacity Utilization Rate	77.0%	76.8%
	19:45	USD	Industrial Production m/m	0.3%	-0.1%

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2667.9	2688.3	2694.7	2704.9	2715.1	2721.4	2741.8
	MCX Gold Feb	78085	78530	78668	78890	79112	79250	79695
	Spot Silver	29.63	30.10	30.24	30.48	30.71	30.86	31.32
	MCX Silver Mar	89684	90870	91237	91830	92423	92790	93976
	MCX Copper Jan	827.9	833.8	835.6	838.6	841.5	843.3	849.2
	MCX Zinc Jan	271.7	274.6	275.5	277.0	278.4	279.3	282.2
	MCX Lead Jan	176.2	177.5	177.9	178.6	179.3	179.7	181.0
	MCX Aluminium Jan	250.8	253.5	254.3	255.7	257.0	257.8	260.5
	MCX Crude Oil Jan	6590	6720	6760	6825	6890	6930	7060
	MCX Natural Gas Jan	328.18	344.67	349.76	358.00	366.24	371.33	387.82

Source: Bloomberg, KS Commodity Research

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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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