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Commodities volatile amid Mideast tension and US recession fear

The COMEX Gold are steadily rising as it trading above \$2,450 per ounce, recovering roughly half of Monday's losses, on concerns rise over possible Iranian retaliation against Israel. Following the assassination of Hamas leader Ismail Haniyeh last week, Iran has openly threatened revenge, raising fears of an impending attack. Data released on Monday also showed that US services activity rebounded more than expected in July.

Markets have priced in more than 100 basis points of overall easing from the Federal Reserve this year, with a greater 50 basis point rate decrease expected in September. Furthermore, market rumors spread that the Fed was considering an emergency rate cut to supply liquidity amid the global market selloff.

WTI Crude Oil rose to around \$73.2 per barrel on Tuesday after falling for three straight sessions, boosted by persistent supply uncertainties from escalating Middle Eastern tensions. Fears of a regional war intensified as Israel braced for possible attacks in response to Iran's warnings of retaliation, following the recent assassinations of a senior Hezbollah commander in Lebanon and Hamas' top political leader in Iran.

Crude prices supported on reports that production in Libya's main oil field, Sharara, was halted owing to anti-government protests and security concerns. Meanwhile, concerns about a possible recession in the United States, the world's largest oil consumer.

LME base metals mixed to lower as both the NBS and the Caixin manufacturing PMIs pointed to a contraction in July, while the ISM PMI underscored factory softness in the US. LME Copper again dipped below \$8,800 a ton fell as much 1% today as demand expected to remain modest in top consumer China, where the government refrained from aiming a major level of stimulus in its recent Third Plenum. Meanwhile, Chinese smelters are pursuing new projects to comply with output mandates, easing supply concerns and adding to the bearish pressure.

European natural gas traded between €36 and €37 per megawatt-hour as investors monitored supply threats due to Maintenance at the Kollsnes gas processing plant and Troll field starts on August 10. However, supply remains robust, with predicted growth in liquefied natural gas (LNG) and Norwegian gas exports. However, tensions regarding the Iran's potential retaliatory assault on Israel, may impede gas supply to and from the region. Meanwhile in Russia, Europe's second-biggest supplier of liquefied natural gas, signs are emerging that its Arctic LNG-2 project sanctioned by the US is starting to load fuel.

Today, final Service PMI and ISM services PMI will be in focus

Date	IST	Currency	Data	Forecast	Previous
06-Aug-24	18:00	USD	Trade Balance	-72.5B	-75.1B
	Tentative	USD	RCM/TIPP Economic Optimism	45	44.2

Source: Forex factory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	2350.5	2386.1	2397.1	2415.0	2432.8	2443.8	2479.4
	MCX Gold Oct	67793	68664	68933	69368	69803	70072	70943
	Spot Silver	25.45	26.31	26.57	27.00	27.43	27.69	28.54
	MCX Silver Sep	75683	77616	78213	79180	80147	80744	82677
	MCX Copper Aug	750.5	762.7	766.5	772.6	778.6	782.4	794.6
	MCX Zinc Aug	238.4	242.3	243.5	245.5	247.5	248.7	252.6
	MCX Lead Aug	177.6	179.6	180.2	181.3	182.3	182.9	184.9
	MCX Aluminium Aug	205.2	207.9	208.7	210.1	211.5	212.3	215.0
	MCX Crude Oil Aug	5918	6057	6100	6169	6238	6281	6420
	MCX Natural Gas Aug	153.39	159.31	161.14	164.10	167.06	168.89	174.81

Source: Bloomberg, KS Commodity Research



Source: Trading View

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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