

Commodity Morning View

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Metals on rampage amid geo-politics, tariffs and supply concerns

Key Points

- LME Copper advances to fresh highs
- Gold/silver rallies amid heighten geo-political risk
- Natural gas retreats to 5 months low
- Precious metals up in China
- US Dec S&P Mfg eases

Events to Watch

Data	Country	Event	Time	Previous	Forecast
06-Jan	GE	HCOB Germany Services PMI	14:25	52.6	52.6
06-Jan	EC	HCOB Eurozone Services PMI	14:30	52.6	52.6
06-Jan	US	S&P Global US Services PMI	20:15	52.9	52.9

Macro

- Wall Street rallied overnight as weaker than expected ISM manufacturing last month increased the odds of earlier Fed rate cut, The DJIA, the S&P500, and the Nasdaq Composite Index rose 1.2%, 0.6%, and 0.7% respectively. The Eurostoxx 50 rose 1.3%. The Dollar Index edged down 0.1% to 98.35. EUR-USD was little changed at 1.1720.
- The US 2Y yield fell 2bp to 3.45% and the 10Y yield dropped 3bp to 4.16%. The German 10Y yield fell 3bp to 2.87%. The UK 10Y yield dropped 3bp to 4.51%. Brent crude oil prices rose 1.7% to USD61.76. Gold gained 2.7% to USD4,449.
- The US ISM manufacturing PMI fell for a third consecutive month to a 14- month low of 47.9 in December (consensus: 48.4; November: 48.2), signalling greater uncertainties for the overall sector. However, the new orders component rose to 47.7 vs 47.4 previously, and the employment component rose to 44.9 vs 44.0 previously. Positive for Gold.
- Global copper prices jumped around 4% on Monday, pushing the LME benchmark to a record high near \$13,000 per tonne, driven by concerns that the US may impose import duties on refined copper. The US Secretary of Commerce is expected to release an assessment of the domestic copper market by June 30, which will guide potential tariffs of 15% in 2027 and 30% in 2028. Copper surged 42% in 2025 as tightening supply points to a projected 500 kt deficit by end 2026. Positive for Hind copper.
- Data watch: US release will be on Dec final S&P global services PMI (estimated to remain unchanged at 52.9) and composite PMI (prior reading of 53.0) while in Europe, we will get the prelim Dec CPI from France and Germany as well as the final HCOB services PMI for Eurozone and its constituent economies.

Base metals

- LME Copper prices edged higher in Asia on Tuesday, following 4% rally on Monday, supported by tightening supply and resilient demand from sectors linked to the energy transition despite expected weakness from China due to the property market crisis. LME Benchmark breached \$13k mark first time, while cash to future market holds in premiums of \$41 but supply at global warehouses has improved in last two months, despite that copper has rallied about 20% since November.

- Traders are refocusing on the outlook for interest rates, liquidity conditions and fundamental divergence, rather than headline risk. China's RatingDog services PMI edged down to 52.0 in December, vs 52.1 in November. The rate of increase was the softest in six months. However, domestic demand was not enough to offset the decline in exports of tourism services.
- LME Zinc trades around \$3200 but we expect prices to correct as Zinc supplies are expected to remain positive in 2026, while China's exports to European markets has jumped in last two months which has resulted in LME spread trading in discount, indicating a healthy supply.

Base Metals Monitor

Exchange	Commodity	Expiry	5-Jan-26	Daily Change	Daily Change	2-Jan-26
LMEX	LMEX	-	5292	177	3.46%	5115
LME	Aluminium (\$)	-	3085	70	2.32%	3015
LME	Copper (\$)	-	12991	522	4.19%	12469
LME	Lead (\$)	-	2023	17	0.85%	2006
LME	Nickel (\$)	-	17003	183	1.09%	16820
LME	Zinc (\$)	-	3195	68	2.17%	3127
MCX	Aluminium	Jan	306.35	3.75	1.24%	302.6
MCX	Copper	Jan	1313	25	1.94%	1288
MCX	Lead	Jan	184.45	1.75	0.96%	182.7
MCX	Nickel	Jan	1332	0	0.00%	1332
MCX	Zinc	Jan	310.55	3.7	1.21%	306.85

Outlook: Geopolitical tensions are raising supply concerns as Venezuela, rich in minerals, faces U.S.-backed governance shifts that may strain trade with China, a major investor. For 2026, fundamentals remain supportive, driven by strong demand from emerging technologies amid supply constraints. However, the recent rally appears overstretched and ahead of real demand trends, signaling a likely correction in Q1 2026 as markets recalibrate to revised fundamentals.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	5-Jan-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4449	116.71	2.69%
Comex	Silver (\$)	Spot	76.55	3.74	5.14%
MCX	Gold	Feb	138148	2396	1.76%
MCX	Silver	Mar	246135	9536	4.03%
Ratio	Goldsilver ratio	-	58.12	-1.38	-2.32%
Rupee	USDINR	-	90.260	0.08	0.09%
Dxy	Dollar Index	-	98.27	0.15	0.15%
Bond	US-10 T.Yield	-	4.16	-0.03	-0.72%

- Precious metals including gold and silver rallied on Mon, partly reflecting rising geopolitical uncertainty in light of events in Venezuela. Spot gold price rose 2.6% to reach USD4,446.33/oz, while silver prices saw a more than 5% increase.
- The global silver lease rate still remains higher at 8.5%, that signals persistent short term supply tightness, Total known global silver ETF holdings remain elevated at 863.79 MOz, highest since June 2022. Silver may test the resistance around \$80/\$81. A surge to \$85 is not ruled out should the US Dollar soften.

Outlook:

The geo-political event unfolded over weekend has just heighten medium-term geopolitical risks as the silence of Russia and China in this matter may be risk to Ukraine -Russia and China-Taiwan front. Positive for Gold/silver. The overall trend in gold and silver remains strong for year 2026 as well driven on strong industrial demand for silver and strong central bank demand for gold. The global trade restriction and protectionist policies for critical minerals will see metals zooming higher.

Gold: Support at \$4393/\$4296. Resistance is at \$4472/\$4550.

Silver: Support at \$74; Resistance at \$80.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	5-Jan-26	Change	Daily % Change	2-Jan-26
Nymex	Crude (\$)	Feb	58.32	0.90	1.57%	57.42
Nymex	Natural gas (\$)	Jan	3.52	-0.15	-4.09%	3.67
MCX	Crude	Jan	5272	50.00	0.96%	5222
MCX	Natural gas	Jan	310	--	--	329

- Brent crude rose by 1.8% to USD61.83/bbl as traders weighed the fallout from the developments in Caracas. WTI also rose by 1.8% to settle around USD58.37/bbl overnight.
- The Saudi Arabia has once again reduced the OSP for its benchmark crude for Asian buyers, indicating a demand concerns due to economic slowdown. Negative for oil prices.
- Natural gas is expected to remain sell on rise market due to milder weather condition prevailing in US, which has somewhat eased the heating demand while production continued to remain elevated, resulting in prices retreating to 5 months low.

Outlook:

The long-term story in crude is bearish while short-term would still be negotiated by the prevailing geo-politics. For the day crude will trade sideways. We expect crude oil prices to remain a buy for the day.

Short term trading range \$55.5-60.

Long term trading range \$50-62.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Jan	296-310	Buy on dips
MCX	Copper	Jan	1300-1335	Buy on dips
MCX	Lead	Jan	180-185	Buy on dips
MCX	Nickel	Jan	2200-308	Buy on dips
MCX	Zinc	Jan	302-314	Sell on rise
MCX	Gold	Feb	136000-142000	Buy on dips
MCX	Silver	Mar	242000-252000	Buy on dips
MCX	Crude	Jan	5150-5350	Sell on rise
MCX	Natural gas	Jan	285-335	Sell on rise
Comex	Gold	Spot	\$4320-\$4551	Buy on dips
Comex	Silver	Spot	\$74-\$82	Buy on dips
Nymex	Crude oil	Feb	\$56-\$60	Sell on rise

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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