

Commodity Morning View

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Gold hit fresh highs amid rising geo-political risks

Key Points

- US DOJ serves US Federal Bank with penalty
- US Federal Bank independence concern
- US President signals intervention in Iran
- US President warns to acquire Greenland
- US Labour market post softer December picture
- Shanghai base metals inventories surges

Events to Watch

Date	Region	Event	Time	Prior	Surv(M)
12-Jan	Eurozone	Sentix investor confidence survey for Jan	13:00	-4.50%	-6.10%

Macro

- Gold prices hit fresh highs of USD 4,600/oz in early Asian trading, driven by heightened geopolitical risks, concerns over U.S. Federal Reserve independence, escalating protests in Iran, and renewed U.S. rhetoric on acquiring Greenland. Softer U.S. labour data has also strengthened expectations of rate cuts. Meanwhile, silver rose 2% after a near 10% rally last week, while palladium and platinum advanced.
- The DJIA, the S&P500, and the Nasdaq Composite Index rose 0.5%, 0.7%, and 0.8% respectively. For the week, the three major indices rose 2.3%, 1.6%, and 1.9% respectively. The Dollar Index edged up 0.2% to 99.13 last Friday and gained 0.7% for the week. EUR-USD dipped 20 pips to 1.1640 last Friday and fell 80 pips for the week.
- The US 2Y yield rose 4bp to 3.53% last Friday and gained 6bp for the week. The US 10Y yield closed flat last Friday at 4.17% but fell 2.5bp for the week. Brent crude oil prices rose 2.2% to USD63.34 last Friday and gained 4.3% for the week. Gold rose 0.7% to USD4,509 last Friday and rebounded 4.1% for the week after dropping 4.4% in the first week of the year.
- Geopolitical tensions edged higher over the weekend after the DOJ issued an under penalty notice to a U.S. federal bank linked to renovations of the Federal Reserve building last June. The Fed Chair stated that any criminal threat stems from setting interest rates in the public interest, not political pressure.
- Anti regime demonstrations intensified in Iran over the weekend while President Trump is set to review both kinetic and non-kinetic options on Iran, signalling the possibility of U.S. intervention, and raising the geo-political risk as Iran is a major oil producer, escalation of conflict could affect 2mbpd of oil output.
- The US Supreme Court did not issue its ruling on the legality of President Trump's use of the International Emergency Economic Powers Act (IEEPA) to impose trade tariffs last Fri (9 Jan) and could decide to do so this Wed (14 Jan).
- US NFP data showed job addition of 50K in December, less than November's revised 56K and below the 60K forecast. Revisions reduced October and November totals by 76K. US unemployment rate dropped to 4.4% in December from 4.5% in November, below forecasts. Overall data points towards softer labor market and raises chances of US rate cuts. Positive for Gold.

- Data watch: Eurozone will release its sentix index today, economic data from developed economies is very light with no key data out from US.

Base metals

- Base metals moved higher in Asia, Copper climbed toward a record, with three-month futures rising 1.5% to \$13,195/ton in London, as aluminum and tin hit their highest levels since 2022. Gains of over 20% since mid-November reflect supply concerns, including U.S. imports ahead of potential tariffs. A weaker dollar and market reaction to the DOJ threatening the Fed with a criminal case against Chair Powell also supported bullish sentiment across base metals.
- The shanghai weekly inventory data in Friday showed higher inflows of metal across board with copper stocks up 24% w/w, Aluminum +10%, Lead +7% and Zinc +6% signaling a weaker trading activities due to softer demand ahead of Lunar holiday.
- S&P Global has warned that without additional mining and recycling efforts, the copper industry could face a deficit of over 10 million metric tons by 2040, which could result in nearly a quarter of the projected demand remaining unmet. While we have bullish long-term views on the outlook for copper and other metals, the speed of the rally has prompted warnings that the markets could fall just as sharply with traders making profits.

Base Metals Monitor

Exchange	Commodity	Expiry	9-Jan-26	Daily Change	Daily % Change	8-Jan-26
LMEX	LMEX	-	5341	113	2.16%	5228
LME	Aluminium (\$)	-	3136	45	1.46%	3091
LME	Copper (\$)	-	12998	278	2.19%	12720
LME	Lead (\$)	-	2049	23	1.14%	2026
LME	Nickel (\$)	-	17703	548	3.19%	17155
LME	Zinc (\$)	-	3153	18	0.57%	3135
MCX	Aluminium	Jan	317	10	3.26%	307
MCX	Copper	Jan	1281	16	1.26%	1265
MCX	Lead	Jan	191	0	0.00%	191
MCX	Nickel	Jan	1332	0	0.00%	1332
MCX	Zinc	Jan	309	2	0.65%	307

Outlook:

Base metals have advanced despite weakening demand signals, supported by heightened geopolitical risks involving Iran, Venezuela, China-Taiwan, and US-Greenland, alongside trade protectionism that has tightened supply chains. Copper's rally may persist due to strong structural supply concerns, but aluminum prices appear more vulnerable as fundamentals soften. Elevated base metal prices over the past six months also raise inflation risks, which could constrain accommodative monetary policies and weigh on global growth. With prices running ahead of underlying demand, the rally looks stretched, increasing the likelihood of a market correction in Q1 2026 as fundamentals are reassessed.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	9-Jan-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4509	31	0.69%
Comex	Silver (\$)	Spot	79.85	2.86	3.71%
MCX	Gold	Feb	138875	1175	0.85%
MCX	Silver	Mar	252002	9371	3.86%
Ratio	Goldsilver ratio	-	56.47	-1.70	-2.91%
Rupee	USDINR	-	90.160	0.23	0.26%
Dxy	Dollar Index	-	99.13	0.2	0.20%
Bond	US-10 T.Yield	-	4.16	0	0.00%

- Gold prices hit fresh highs of USD 4,600/oz in early Asian trading, driven by heightened geopolitical risks, concerns over U.S. Federal Reserve independence, escalating protests in Iran, and renewed U.S. rhetoric on acquiring Greenland. Softer U.S. labour data has also strengthened expectations of rate cuts. Meanwhile, silver rose 2% after a near 10% rally last week, while palladium and platinum advanced.
- Silver prices in Asia surged over 5% following supply squeeze, geo-political concerns as well as trade policies, silver prices in China meanwhile saw more than 12% on Monday. The off late rally in silver is largely driven in speculation and FOMO trades; the rally looks stretched and expect prices to see correction of 10-15% in coming weeks. The rebalancing of Bloomberg commodity Index and Goldman Sachs commodity index this week could see some selling pressure in the counter.
- The Chinese central banks add gold into reserves for 14th straight month in December to reach the holdings around 2320 tons, While Global Central banks bought a net 45t in November.

Outlook:

The rise in geo-political events in recent years have already set ground for higher gold prices that has reflected in gold past three-year performance, while with President Trump in Chair at world's largest economy have further raised gold outlook to keep performing in parlance with unveiling global events.

Gold: Support at \$4500. Resistance is at \$4650.

Silver: Support at \$78; Resistance at \$85.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	9-Jan-26	Change	Daily % Change	8-Jan-26
Nymex	Crude (\$)	Feb	59.12	1.36	2.35%	57.76
Nymex	Natural gas (\$)	Jan	3.16	-0.24	-7.06%	3.4
MCX	Crude	Jan	5370	188.00	3.63%	5182
MCX	Natural gas	Jan	292	-14.00	-4.58%	306

- Crude oil rose for a second straight session on Fri, on escalating concerns over Iran as the Islamic state shut down the internet in its attempt to quell escalating protests. (Iran currently produces an estimated 3.3 million bpd of crude oil, or about 1/3 of Saudi Arabia's production. In terms of production volume, Iran's is much more substantial as it is about 3 times that of Venezuela.
- The London Brent oil futures ended the day higher by US\$1.35 (2.2%) to settle at US\$ 63.34/bbl and for the week, it rose by about 4.3%, while the NY WTI was up by US\$1.36 (2.4%) at US\$ 59.12/bbl and for the week, it rose by 3.1%.
- Rising production and increasing inventory levels continue to cap price upside, with no immediate threat from adverse weather conditions. As a result, prices are likely to remain subdued unless weather disruptions persist long enough to drive meaningful inventory drawdowns in the US and Europe. Sustained weather related supply constraints would be required for prices to hold at higher levels. In this environment, we expect the current contract to trade within a range of Rs 280-360, with forecasts offering only limited near term upside support.

Outlook:

The Iran protest over the weekend has threatened the global crude oil supply concerns as country produces around 3mbpd, while Global crude oil market dynamics are undergoing a structural shift as the US takes greater control over Venezuelan crude-oil affairs, enhancing its long-term energy security. This development reduces US dependence on OPEC+ and weakens the cartel's influence on global crude pricing. However, the resulting increase in supply flexibility and pricing power is likely to cap upside risks, reinforcing a bearish long-term outlook for global crude oil markets.

Short term trading range \$57-\$61.

Long term trading range \$48/- \$65.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Jan	3110-322	Buy on dips
MCX	Copper	Jan	1285-1320	Buy on dips
MCX	Lead	Jan	188-201	Sell on rise
MCX	Nickel	Jan	2200-308	Sell on rise
MCX	Zinc	Jan	306-320	Sell on rise
MCX	Gold	Feb	138000-143500	Buy on dips
MCX	Silver	Mar	248000-266000	Buy on dips
MCX	Crude	Jan	5050-5300	Buy on dips
MCX	Natural gas	Jan	280-330	Sell on rise
Comex	Gold	Spot	\$4520-\$4635	Buy on dips
Comex	Silver	Spot	\$78-\$86	Buy on dips
Nymex	Crude oil	Feb	\$57-\$61	Buy on dips

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