

Commodity Morning View

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All Eyes on NFP data and US Supreme court decision

Key Points

- Crude rallies amid larger inventory draws
- China's inflation shows slight improvement
- US gasoline demand declines
- US Economic data in focus

Events to Watch

Date	Region	Event	Time	Prior	Surv(M)
09-Jan	CH	PPI YoY	7:00	-2.20%	--
09-Jan	CH	CPI YoY	7:00	0.70%	--
09-Jan	NE	Industrial Sales YoY	11:00	-1.80%	--
09-Jan	GE	Industrial Production SA MoM	12:30	1.80%	-0.50%
09-Jan	GE	Industrial Production WDA YoY	12:30	0.80%	-0.80%
09-Jan	GR	Industrial Production YoY	15:30	6.40%	--
09-Jan	US	Change in Nonfarm Payrolls	19:00	64k	59k
09-Jan	US	Nonfarm Payrolls 3-Mo Avg Chg	19:00	22k	--
09-Jan	US	Average Hourly Earnings YoY	19:00	3.50%	3.60%
09-Jan	US	Unemployment Rate	19:00	4.60%	4.50%
09-Jan	US	Housing Starts MoM	19:00	--	1.40%
09-Jan	US	Building Permits MoM	19:00	--	1.10%
09-Jan	US	U. of Mich. Sentiment	20:30	52.9	53.5

Macro

- Market would focus on the outcome of US Supreme court decision on legality of President Trump's usage of IEEPA emergency powers to impose trade tariffs. However, President Trump is widely expected to respond by imposing renewed tariffs via alternative routes such as the sectoral tariffs under the various Trade Acts.
- US stocks had a mixed performance as technology stocks were sold off and flows seemed to move into energy producers, consumer companies, and small caps. Nasdaq slid 0.4% while the S&P 500 was little changed, and the Russell 2000 surged to a record as investors rotated out of tech. The Dow ended 0.6% higher as US defense stocks have a strong start of the year, extending last year's performance, as geopolitical tensions and military spending plans rise.
- The US 2Y yield rose 2bp to 3.49% and 10Y yield also rose 2bp to 4.17%. The German 10Y yield rose 5bp to 2.86%. The UK 10Y yield edged down 1bp to 4.40%. Brent crude oil prices surged 3.4% to USD61.99. Gold rose 0.5% to USD4,478.

- China's consumer price index (CPI) increased by 0.8% year-on-year in December 2025, Urban prices saw a 0.9% rise, while rural areas experienced a 0.6% increase. On the other hand, Factory inflation (PPI) fell 1.9% year-on-year in December 2025, with the pace of decline narrowing by 0.3 percentage points from the previous month, Month-on-month, the PPI rose 0.2%, accelerating from the prior month's 0.1% increase. For the full year 2025, the PPI was down 2.6%, while industrial producer purchase prices fell 3.0%.
- US one-year inflation expectations rose to 3.4%, while three- and five-year expectations remained at 3.0%. Inflation uncertainty increased, with price forecasts for gas, food, medical care, college, and rent declining. Labor market sentiment softened, showing a series low in job-finding, though income and spending expectations stayed stable.
- The US trade deficit fell in October 2025 to \$29.4 billion from September's \$48.1 billion, beating the forecast of \$58.1 billion. Tariffs altered trade flows, with imports down 3.2% to \$331.4 billion and exports up 2.6% to \$302 billion. Largest deficits were with Mexico, Taiwan, Vietnam, and China; the gap with the EU narrowed to \$6.3 billion.
- For the week ending January 3rd, US initial jobless claims rose by 8,000 to 208,000, close to the 210,000 forecast and below last year's average. Continuing claims increased by 56,000 to 1,914,000, exceeding expectations of 1,900,000, indicating slow hiring and steady firing. Federal employee claims dropped by 333 to 479 in late December amid a government shutdown.
- In Q3 2025, US nonfarm productivity rose 4.9%, beating the 3% forecast and up from 4.1% in Q2. Output increased 5.4% with hours worked rising 0.5%. Manufacturing productivity grew 3.3%, with output up 2.6% and hours down 0.7%. Year-over-year, productivity rose 1.9%, below the previous 3.3% increase.
- Data watch: US Dec's non-farm payrolls data (est. 70k vs. 64k prior) and a possible Supreme Court ruling on President Trump's tariffs on Fri (9 Jan). Unemployment rate for Dec is estimated to edge slightly lower to 4.5% from 4.6% in Nov while average hourly earnings is expected to gain momentum and register a 0.3% m/m gain vs. 0.1%.

Base metals

- Base metals saw broader sell-off on Thursday with as the recent rally in metals had more driven on speculation rather than ground fundamentals, which still show weaker manufacturing activities in China and softer labor market in US, indicating a broader economic slowdown.
- LME warehouse stockpiles have surged by the most in six years. The supplies of zinc has surged in European markets due to higher exports from China, had resulted in Zinc contract coming into contango from backwardation of \$300/t last two months, we expect zinc to underperform in coming weeks.
- 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 are 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	8-Jan-26	Daily Change	Daily % Change	7-Jan-26
LMEX	LMEX	-	5228	-66	-1.25%	5294
LME	Aluminium (\$)	-	3091	3	0.10%	3088
LME	Copper (\$)	-	12720	-179	-1.39%	12899
LME	Lead (\$)	-	2026	-33	-1.60%	2059
LME	Nickel (\$)	-	17155	-740	-4.14%	17895
LME	Zinc (\$)	-	3135	-32	-1.01%	3167
MCX	Aluminium	Jan	307	-3	-0.97%	310
MCX	Copper	Jan	1265	-44	-3.36%	1309
MCX	Lead	Jan	191	0	0.00%	191
MCX	Nickel	Jan	1332	0	0.00%	1332
MCX	Zinc	Jan	307	-3	-0.97%	310

Outlook: Industrial metals have benefited from supply disruptions, a weak dollar and robust demand. While Copper and Aluminum metals have performed robustly of late, the threat of incremental supply poses downside risk for aluminum. The copper rally is likely to continue but the gains for aluminum are more at risk, the higher base metals prices of last six months poses a risk of surging inflation in coming months that could turn the tap off on the easy monetary policies and adversely affect the global expansion affecting base metals demand. The recent rally appears overstretched and ahead of real demand trends, signalling a likely correction in Q1 2026 as markets recalibrate to revised fundamentals.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	8-Jan-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4478	22	0.49%
Comex	Silver (\$)	Spot	76.99	-1.19	-1.52%
MCX	Gold	Feb	137700	-340	-0.25%
MCX	Silver	Mar	242631	-8869	-3.53%
Ratio	Goldsilver ratio	-	58.16	1.17	2.05%
Rupee	USDINR	-	89.930	-0.19	-0.21%
Dxy	Dollar Index	-	98.93	0.25	0.25%
Bond	US-10 T.Yield	-	4.16	0.02	0.48%

- The global silver and gold prices saw increased volatility due to expectations of higher outflows from these assets from as Commodity index rebalancing from Bloomberg and GSCI could see larger sell-off in precious metals in next 5 trading sessions as BCOMI has reduced weightage on gold/silver for 2026.

- Gold steadied as traders weighed a stronger dollar and Friday's US data that could set this year's rate path, with bullion little changed near \$4,475 after a 3.4% weekly rise and downside risks from slightly lower-than-expected jobless claims.
- Silver fell a second day as investors positioned for commodity index rebalancing that will trigger billions in futures sales, sliding as much as 5.5% after nearly 4% previously, while gold steadied as passive funds sell precious metals futures from Thursday to match new weights—a routine process amplified by last year's rallies. 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. Silver may test the support of \$72/70.
- 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 \$4400. Resistance is at \$4520.

Silver: Support at \$72; Resistance at \$80.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	8-Jan-26	Change	Daily % Change	8-Jan-26
Nymex	Crude (\$)	Feb	57.76	1.77	3.16%	55.99
Nymex	Natural gas (\$)	Jan	3.4	-0.12	-3.41%	3.52
MCX	Crude	Jan	5182	137.00	2.72%	5045
MCX	Natural gas	Jan	306	-13.40	-4.20%	319.4

- Oil prices (+4%) rebounded from an earlier slide, after a larger than expected 3.8-million-barrel draw in US crude inventories. Ahead, though execution and logistical constraints currently limit.
- US natural gas futures closed lower, erasing a weather-driven rally Wednesday, even as a weekly storage report showed a decrease in stockpiles that was larger than estimates and higher than the five-year average. We expect the current contract to remain trading in range of Rs 280-360 level, with weather forecast showing support for further rallies.

Outlook:

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 \$55-\$59.

Long term trading range \$45/- \$62.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Jan	304-315	Sell on rise
MCX	Copper	Jan	1255-1290	Sell on rise
MCX	Lead	Jan	188-201	Sell on rise
MCX	Nickel	Jan	2200-308	Sell on rise
MCX	Zinc	Jan	302-314	Sell on rise
MCX	Gold	Feb	136000-142000	Buy on dips
MCX	Silver	Mar	232000-255000	Sell on rise
MCX	Crude	Jan	5050-5300	Sell on rise
MCX	Natural gas	Jan	280-330	Buy on dips
Comex	Gold	Spot	\$4420-\$4551	Sell on rise
Comex	Silver	Spot	\$72-\$80	Sell on rise
Nymex	Crude oil	Feb	\$55-\$59	Sell on rise

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