

Commodity Morning View

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Index

• Key points	2
• Macro	2
• Base metals	3
• Bullions	4
• Energy	5

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US President to address “WEF” today

Key Points

- Markets rattled by Greenland and Japan
- Sell-off in global equities & bonds
- PBoC maintained lending rates
- DXY tumbled; gold spiked on haven bid
- LME Copper switch into strong backwardation

Events to Watch

Date	Region	Event	Time	Prior	Surv(M)
21-Jan	USD	Pending Home Sales (MoM) (Dec)	20:30	-2.60%	3.30%
21-Jan	USD	Construction Spending (MoM) (Oct)	20:30	0.10%	0.20%
21-Jan	USD	Pending Home Sales Index (Dec)	20:30	--	79.2

Macro

- The DJIA, the S&P500, and the Nasdaq Composite Index fell 1.8%, 2.1%, and 2.4% respectively. The Eurostoxx 50 fell 0.6% following Monday's 1.7% drop. The Dollar Index fell 0.8% to 98.64 and EUR- USD gained 80 pips to 1.1720.
- The US 2Y yield edged up 1bp to 3.60% while the 10Y yield rose 7bp to 4.29%. The US 20Y yield rose 9bp to 4.88% and the 30Y yield rose 8bp to 4.92%. The German 10Y yield rose 2bp to 2.86%. The UK 10Y yield rose 4bp to 4.46%. Brent crude oil prices rose 1.5% to USD64.92. Gold jumped 2% to USD4,763 on top of the 1.6% rise on Monday.
- Sell-off in global markets broadened and deepened overnight amid escalating tension between President Trump and European leaders over Greenland. Sell America trade saw UST yields jumping 1-9bps across the curve. The reports of reports that Danish pension fund is planning to exit Treasuries further dampened appetite for USTs. 10Y European bonds also gained 1-4bps.
- Prime Minister Sanae Takaichi's plan to cut taxes raising fiscal worries, the 10Y JGB yield rose to 2.36%, the highest since February 1999 while the 40Y yield climbed to the highest on record at 4.23%. The surge in JGB yields pulled up US Treasury yields at the long-end while the short-end was stable. The USD fell and gold climbed 2%.
- EU Commission President Ursula von der Leyen said if President Trump goes ahead with the 10% tariff on eight European countries to force the sale of Greenland, the EU will hit back with an “unflinching, united and proportional” response. She said “Plunging us into a dangerous downward spiral would only aid the very adversaries we are both so committed to keeping out of our strategic landscape. Sentimentally positive for Gold
- US private employers added an average of 8,000 jobs per week in the four weeks ending December 27, 2025, down from 11,250 previously, indicating a slowdown in hiring momentum, according to ADP Research.
- Trump threatened 200% tariffs on French wines and champagne after France planned to decline joining his ‘Board of Peace.’ A White House official said he won't attend the emergency G7 summit in Paris. Sentimentally positive for Gold.
- US Treasury Secretary Bessent stated that there are four outstanding candidates for the new Fed chair position, with an announcement possibly coming by next week.

- As expected, the People's Bank of China (PBoC) left its 1Y and 5Y lending rates unchanged at 3.00% and 3.50%
- Data watch: US construction spending and pending home sales.

Base metals

- Industrial commodities are expected to remain subdued due to challenging global macro-economic development on Greenland, that may see a renewed trade war between US and European countries. Additionally, the softer economic data from China, reflecting a slowdown in domestic consumption and continued weakness in Fixed Asset Investments, a key proxy for real estate activity. New home sales across 10 major Chinese cities fell sharply by 34.3% year on year to 1.21 million square meters in the week ending January 18, even as transaction volumes rose 9.7% from the previous week.
- Base metals trading has also been pressured by China's crackdown on high frequency trading following excessive speculative activity that had driven global price spikes. Regulators have directed major exchanges, including the Shanghai Futures Exchange, to remove HFT servers from data centres, prompting declines in copper, zinc, and aluminum prices in both Shanghai and London after earlier record rallies. Brokers must relocate HFT equipment by month end, with all remaining clients required to do so by April 30.
- LME spot copper surged to a hefty premium over later dated futures, with the tom/next spread briefly at a \$100 premium—the widest since 2021—in a backwardation structure signalling strong near term demand.

Base Metals Monitor

Exchange	Commodity	Expiry	20-Jan-26	Daily Change	Daily % Change	19-Jan-26
LMEX	LMEX	-	5296	-86	-1.60%	5382
LME	Aluminium (\$)	-	3107	-51	-1.61%	3158
LME	Copper (\$)	-	12753	-212	-1.64%	12965
LME	Lead (\$)	-	2028	-32	-1.55%	2060
LME	Nickel (\$)	-	17614	-519	-2.86%	18133
LME	Zinc (\$)	-	3173	-48	-1.49%	3221
MCX	Aluminium	Jan	318	-2	-0.63%	320
MCX	Copper	Jan	1316	-12	-0.90%	1328
MCX	Lead	Jan	189	-2	-1.05%	191
MCX	Nickel	Jan	1332	0	0.00%	1332
MCX	Zinc	Jan	314	-3.5	-1.10%	317.5

Outlook:

The renewed trade tensions outside China and signs of a slowing Chinese economy are likely to dampen base metal demand in the coming months. Nevertheless, we maintain a constructive medium term outlook, as industrial commodities often respond with a lag to shifts in consumption patterns. However, the sharp rise in base metal prices over the past six months has heightened inflation risks, potentially limiting monetary policy flexibility and weighing on global growth. With prices accelerating ahead of underlying demand, current valuations appear stretched, raising the probability of a market correction in Q1 2026 as fundamentals come back into focus.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	20-Jan-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4763	93	1.99%
Comex	Silver (\$)	Spot	94.58	0.2	0.21%
MCX	Gold	Feb	150560	4803	3.30%
MCX	Silver	Mar	323300	13149	4.24%
Ratio	Goldsilver ratio	-	50.36	0.88	1.78%
Rupee	USDINR	-	90.970	0.07	0.08%
Dxy	Dollar Index	-	98.64	-0.75	-0.75%
Bond	US-10 T.Yield	-	4.29	0.07	1.66%

- Gold breached \$4800 mark in Asian on Wednesday following 3% rally in previous session amid growing geo-political worries due to Trump's rhetoric behaviour concerning Greenland acquisition, and silver hovered near an all-time high as the Greenland standoff and a slump in Japanese government bonds boosted haven demand, while at Davos President Trump stuck to his bid for the Arctic island and Greenland's prime minister urged preparations for a possible, though unlikely, military invasion.
- Silver may remain highly volatile and may have higher correlation with equities due to industrial usage, hence any sell-off in equities could see silver underperforming gold

Outlook:

Gold will remain in limelight as Donal Trump is slated to address "World Economic Forum" tonight, that could change the power dynamics of G8 countries due US reluctance to acquire "Greenland", which the European leader are not agreeing on, which has led to rally to 10% rally in gold this month alone. In contrast, broader geopolitical risks continue to enhance gold's investment appeal. As a universal store of value, gold benefits from sustained central bank purchases over the past two years. Additionally, concerns surrounding potential threats to US Federal Reserve independence are further strengthening demand for gold as a safe haven asset.

Gold: Support at \$4590. Resistance is at \$4900.

Silver: Support at \$88; Resistance at \$96.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	20-Jan-26	Change	Daily % Change	19-Jan-26
Nymex	Crude (\$)	March	59.44	0.00	0.00%	59.44
Nymex	Natural gas (\$)	Feb	3.1	0.00	0.00%	3.1
MCX	Crude	Feb	5417	0.00	0.00%	5417
MCX	Natural gas	Jan	272.1	0.00	0.00%	272.1

- After rallying higher on Tuesday, oil prices have drifted lower on economic slowdown worries and supply glut concerns in Asian trading hours today. Oil declined as US President Donald Trump's attempts to annex Greenland sent jitters through wider markets.
- Earlier on Tuesday, Kazakhstan's largest oil producer recently halting production at the Tengiz and Korolev fields after two fires at power generators. The Tengiz field will be shut for another seven to 10 days. Sentimentally positive for oil.
- US hit by Arctic cold blast and mounting winter storm threats, Natural gas demand will remain stronger in coming days that will see inventories depleting faster than production and could see natural gas MCX Feb contract towards 335 levels.

Outlook:

Despite the current easing of tensions, an "Iran risk premium" remains embedded in the market.

Short-term: Prices are expected to fluctuate within a \$57-\$61 range.

Long-term: The outlook is bearish. We project WTI prices to slide toward \$52/bbl in H1-2026 due to a widening global surplus.

Strategic Advice: Utilize current price dips to buy for short-term corrections, while remaining cautious of the long-term downward trend.

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

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Feb	310-322	Sell on rise
MCX	Copper	Feb	1285-1335	Sideways
MCX	Lead	Feb	188-201	Sell on rise
MCX	Nickel	Feb	2200-308	Sell on rise
MCX	Zinc	Feb	306-320	Sell on rise
MCX	Gold	Mar	152000-165000	Buy on dips
MCX	Silver	Mar	310000-333000	Sell on rise
MCX	Crude	Feb	5335-5520	Buy on dips
MCX	Natural gas	Feb	280-335	Buy on dips
Comex	Gold	Spot	\$4620-\$4900	Buy on dips
Comex	Silver	Spot	\$84-\$97	Buy on dips
Nymex	Crude oil	Mar	\$57-\$62	Buy on dips

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