

Commodity Morning View

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Index

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

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Whitehouse tightens grip over Venezuelan crude exports

Key Points

- Geo-politics may see crude oil higher
- China's offshore yuan rises to 6.96
- London silver lease rate rose to 8%
- Eurozone PMI in focus

Events to Watch

Data	Country	Event	Time	Previous	Forecast
02-Jan	EUR	HCOB Germany Manufacturing PMI (Dec)	14:25	47.7	48.2
02-Jan	EUR	HCOB Eurozone Manufacturing PMI (Dec)	14:30	49.2	49.6
02-Jan	GBP	S&P Global Manufacturing PMI (Dec)	15:00	51.2	51.2
02-Jan	USD	S&P Global Manufacturing PMI (Dec)	20:15	51.8	52.2
02-Jan	USD	Construction Spending (MoM) (Oct)	20:30	-0.10%	0.20%

Macro

- The three major US equity indices closed out a bumper year in 2025. The S&P 500 logged its third straight annual double-digit gain at 16.4% y/y, while the tech-heavy Nasdaq surged 20.4% y/y. The Dow gained posted smaller but still impressive gain of 13.0% y/y, tempered a bit by its lack of tech representation.
- Moving into 2026, AI stocks will most likely continue to take center stage, with market participants watching closely if the corporate earnings growth catches up to the lofty multiples. FOMC's policy moves will also define sentiment in 2026, especially in view of the change of Fed Chair in May but as it is, we are pencilling 2 quarter point cuts by the FOMC for 2026.
- Precious metals rebounded, with spot gold rising 0.7% and silver advancing 1%. Cryptocurrencies gained, Trading is likely to be thin across Asia with several markets shut, including China
- US has stepped up its sanctions to curb Venezuela's crude oil exports, by sanctioning companies in Hong Kong and mainland China, along with vessels accused of evading curbs.
- Data watch: Eurozone and UK mfg PMIs.

Base metals

- Base metals are firming up in Asian trades but expect market to be erratic due to thin volumes as China and Japan remained closed. The yuan appreciated to 6.96/USD following a strong annual gain of 4.3% in 2025, strong Chinese currency will remain supportive for industrial commodities.
- We expect LME zinc prices to moderate as China's zinc exports have surged in recent months due to jump in refined production, which will suffice the tightness in European markets. The LME on-warrant inventories of Zinc is holding around 90kt from the lows of 20kt two months ago.

- Inventories of base metals have seen higher inflows at LME warehouses in December, indicating a higher warrants stock of copper lead and Zinc. While global copper inventories are at 700kt at end of 31st December, the LME cash to future premiums stood at \$30/t and premiums in China increased to \$51/t.
- China's manufacturing PMI rebounded in December after several months of weakness, but the recovery remained fragile due to favourable seasonality. Demand showed a tentative improvement as new orders expanded, and export orders moved closer to the expansion threshold.
- China's economy ended the year on a slightly less gloomy note with PMIs improving and beating expectations in the month of December. The official manufacturing PMI rose to 50.1 (prior: 49.2), while the non-manufacturing PMI, which covers services and construction, increased to 50.2 from 49.5. Private-sector data showed a similar trend, with the Rating Dog manufacturing PMI rising to 50.1 from 49.9.

Base Metals Monitor

Exchange	Commodity	Expiry	31-Dec-25	Daily Change	#N/A	31-Dec-25
LMEX	LMEX	-	5099	0	0.00%	5099
LME	Aluminium (\$)	-	2995	0	0.00%	2995
LME	Copper (\$)	-	12423	0	0.00%	12423
LME	Lead (\$)	-	2011	0	0.00%	2011
LME	Nickel (\$)	-	16646	0	0.00%	16646
LME	Zinc (\$)	-	3117	0	0.00%	3117
MCX	Aluminium	Jan	297.4	0.1	0.03%	297.3
MCX	Copper	Jan	1291	4	0.31%	1287
MCX	Lead	Jan	182.7	0.7	0.38%	182
MCX	Nickel	Jan	1332	0	0.00%	1332
MCX	Zinc	Jan	308.15	1.15	0.37%	307

Outlook: For 2026, fundamentals remain supportive, driven by expectations of strong demand from new-age technologies amid supply constraints. However, the recent rally appears overstretched and ahead of actual demand trends, suggesting a potential correction in Q1 2026. In the near term, we expect metals to trade sideways, though erratic moves may occur due to thin domestic volumes and international trading holidays.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	31-Dec-25	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4319.37	0	0.00%
Comex	Silver (\$)	Spot	71.33	0	0.00%
MCX	Gold	Feb	135690	232	0.17%
MCX	Silver	Mar	235800	-113	-0.05%
Ratio	Goldsilver ratio	-	60.55	0.00	0.00%
Rupee	USDINR	-	88.870	0.00	0.00%
Dxy	Dollar Index	-	98.32	0	0.00%
Bond	US-10 T.Yield	-	4.16	0	0.00%

- Global Precious metals rebounded, with spot gold rising 0.7% and silver advancing 1% in Asian trades, although China and Japan remain in holiday that would continue to see thin volumes in Asia. The comex and Shanghai silver inventories have dropped sharply in last 10 days as Comex inventories of eligible silver is at 32.126 million ounce and global lease rate has edged higher to 8%, indicating short term supply tightness.

Outlook:

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/Silver in short term may see more price moderation and corrections as the recent rally was driven on speculative trades on the fear that silver market may see further scarcity due to China's rules of restricting silver exports.

Gold: Support at \$4,265; Resistance at \$4,400

Silver: Support at \$67; Resistance at \$75.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	31-Dec-25	Change	Daily % Change	31-Dec-25
Nymex	Crude (\$)	Feb	57.42	0.00	0.00%	57.42
Nymex	Natural gas (\$)	Jan	3.67	0.00	0.00%	3.67
MCX	Crude	Jan	5222	15.00	0.29%	5207
MCX	Natural gas	Jan	329	-5.00	-1.50%	334

- Oil prices are firming up amid the renewed geo-politics as Whitehouse stepped up a campaign against Venezuela's oil exports by sanctioning companies in Hong Kong and mainland China, along with vessels accused of evading curbs. Meanwhile, Russia and Ukraine struck each other's Black Sea ports over the new year period, damaging infrastructure including a refinery. While market would also be looking for Jan-4th OPEC+ conference for further guidance.
- The milder weather condition in US has dampened the Natural gas prices overnight as inventories draw were lesser than forecast and US production has kept surging in last 3, months. We expect natural gas to test support of Rs 300 in coming days overall trend remains bearish.

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-\$59

Long term trading range \$52/- \$62.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Jan	292-300	Buy on dips
MCX	Copper	Jan	1275-1310	Buy on dips
MCX	Lead	Jan	180-185	Buy on dips
MCX	Nickel	Jan	2200-308	Buy on dips
MCX	Zinc	Jan	302-314	Buy on dips
MCX	Gold	Feb	132000-137000	Buy on dips
MCX	Silver	Mar	228000-242000	Buy on dips
MCX	Crude	Jan	5150-5300	Buy on dips
MCX	Natural gas	Jan	300-340	Sell on rise
Comex	Gold	Spot	\$4250-\$4400	Buy on dips
Comex	Silver	Spot	\$67-\$75	Buy on dips
Nymex	Crude oil	Feb	\$55-\$59	Buy on dips

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