Commodity Morning View

January 05, 2026

Index

Market focuses on US ISM Mfg data

Key Points

- Gold/silver rallies amid heighten geo-political risk
- London silver lease rate rose to 8.5%
- China Rating dog services PMI eases to 4 months low
- Crude oil edge lower in reaction eviction of Venezuela President by US
- US S&P Mfg eases

Events to Watch

Data	Country	Event	Time	Previous	Forecast
05-Jan	CH	RatingDog China PMI Composite	7:15	51.2	--
05-Jan	CH	RatingDog China PMI Services	7:15	52.1	52
05-Jan	US	ISM Manufacturing	20:30	48.2	48.4
05-Jan	US	ISM Prices Paid	20:30	58.5	58.7
05-Jan	US	ISM New Orders	20:30	47.4	--
05-Jan	US	ISM Employment	20:30	44	--

Macro

- The DJIA and the S&P500 rose 0.7% and 0.2% respectively last Friday, while the Nasdaq Composite Index edged a tad lower. The Eurostoxx 50 rose 1% last Friday. The Dollar Index edged up 0.1% to 98.42. EUR-USD fell 30 pips to 1.1720 last Friday.
- The US 2Y yield was flat at 3.47% last Friday, while the 10Y yield rose 2bp to 4.19%. The German 10Y yield rose 4.5bp to 2.90% last Friday and gained almost 50bp in 2025. The UK 10Y yield rose 6bp to 4.54% last Friday but fell 9bp in 2025. Brent crude oil prices fell 0.2% to USD60.75 last Friday, Gold rose 0.3% to USD4,332 last Friday.
- The US carried out a large-scale strike against Venezuela and deposed its long-serving President Nicolas Maduro on Saturday; The US's actions likely also 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.
- China's service sector cooled for a second straight month in December, with the RatingDog General Services Business Activity Index edging down to 52.0 from 52.1 in November, the weakest pace of expansion since June. Domestic demand remained resilient as year-end promotions lifted new orders, yet export sales slipped back into mild decline after tourist inflows eased. Employment fell for a fifth consecutive month as firms cited cost discipline and restructuring, pushing outstanding work slightly higher.
- The S&P Global US Manufacturing PMI dropped to 51.8 in December 2025 from 52.2 in November, marking the weakest growth in five months. Orders and exports fell, output growth slowed, and business confidence waned amid tariff uncertainties. Employment rose, and inflation eased slightly but stayed high.

- Fed's Paulson anticipates 2% growth, moderating inflation, and stable labor markets in 2026, suggesting possible rate adjustments if conditions meet expectations. She sees rates as restrictive and forecasts near 2% inflation as tariff effects ease. She describes the labor market as resilient and the economic outlook as benign.
- Gold and silver rose as investors sought safety after the US capture of Nicolás Maduro, with spot gold up 0.9% above $4,370 early Monday; Trump said the US plans to "run" Venezuela, adding to governance uncertainty, and Secretary of State Marco Rubio said Washington would use oil leverage to force further change.
- Data watch: we get ISM manufacturing today. On Wednesday, we get ISM services, ADP employment, and the Job Openings and Labour Turnover Survey (JOLTS). On Thursday, we get Q3 unit labour cost and non-farm productivity, as well as the weekly initial jobless claims. On Friday, we get the non-farm payrolls for December and the University of Michigan consumer sentiment for January.

Base metals

- Base metals drifted higher on Monday in Asia, largely on geo-political concerns that may led to supply constraints of key mine and minerals, meanwhile from China's communist party publication QiuShi was widely circulated after suggesting that another round of large scale property market stimulus may be in the offering. The article wrote that to help the ailing domestic property sector turn the corner, a co-ordinated package of strong measures should be implemented with "sufficient force", rather than "piecemeal steps". This is also supporting metals prices to remain higher.
- Traders are refocusing on the outlook for interest rates, liquidity conditions and fundamental divergence, rather than headline risk
- 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 2025 on a slightly brighter note as December PMIs beat expectations. The official manufacturing PMI rose to 50.1 from 49.2, signaling a return to expansion, while the non-manufacturing PMI climbed to 50.2 from 49.5, reflecting improvement in services and construction. Private-sector data echoed this trend, with RatingDog's manufacturing PMI increasing to 50.1 from 49.9. However, the RatingDog General Services PMI slipped to 52.0, marking a fourth month of slowing growth. New orders expanded at a weaker pace, export business contracted amid reduced Japanese tourism, and employment fell for the fifth month at its sharpest rate since September. Input costs rose for the tenth month, but output prices declined as firms cut charges to stay competitive.

Base Metals Monitor

Exchange	Commodity	Expiry	2-Jan-26	Daily Change	Daily % Change	31-Dec-25
LMEX	**LMEX**	-	5115	16	0.31%	5099
LME	**Aluminium ($)**	-	3015	20	0.67%	2995
LME	**Copper ($)**	-	12469	46	0.37%	12423
LME	**Lead ($)**	-	2006	-5	-0.25%	2011
LME	**Nickel ($)**	-	16820	174	1.05%	16646
LME	**Zinc ($)**	-	3127	10	0.32%	3117
MCX	**Aluminium**	Jan	302.6	5.2	1.75%	297.4
MCX	**Copper**	Jan	1288	-3	-0.23%	1291
MCX	**Lead**	Jan	182.7	0	0.00%	182.7
MCX	**Nickel**	Jan	1332	0	0.00%	1332
MCX	**Zinc**	Jan	306.85	-1.3	-0.42%	308.15

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	2-Jan-26	Daily Change	Daily % Change
Comex	**Gold ($)**	Spot	4332.29	12.92	0.30%
Comex	**Silver ($)**	Spot	72.81	1.48	2.07%
MCX	**Gold**	Feb	135752	294	0.22%
MCX	**Silver**	Mar	236599	686	0.29%
Ratio	**Goldsilver ratio**	-	59.50	-1.05	-1.74%
Rupee	**USDINR**	-	90.180	1.31	1.47%
Dxy	**Dollar Index**	-	98.12	-0.2	-0.20%
Bond	**US-10 T.Yield**	-	4.19	0.03	0.72%

- The global gold and silver prices rallied higher due to renewed geo-politics along with Chinese market resuming after 5 days holiday. 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 global silver lease rate still remains higher at 8.5%, that signals persistent short term supply tightness, while inventories at Comex stood at 322 million ounce as on Friday up on w/w basis.

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: Support at $4,335; Resistance at $4,500

Silver: Support at $70; Resistance at $78

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	2-Jan-26	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

- The U.S. taking control of Venezuela represents a long-term bearish factor for global crude oil prices. Venezuela holds the world's largest proven oil reserves, and U.S. involvement is expected to bring significant capital expenditure to boost production and secure energy independence amid Middle East uncertainties. Increased output from Venezuela under U.S. management could substantially raise global supply, reduce geopolitical risk premiums and exerting downward pressure on prices over time. This strategic move signals a structural shift toward greater supply security, which is negative for oil markets in the long run.
- 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 235 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 $50/- $62.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	**Aluminium**	Jan	296-310	Buy on dips
MCX	**Copper**	Jan	1285-1315	Sell on rise
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	134000-139000	Buy on dips
MCX	**Silver**	Mar	232000-249000	Buy on dips
MCX	**Crude**	Jan	5050-5300	Sell on rise
MCX	**Natural gas**	Jan	235-300	Sell on rise
Comex	**Gold**	Spot	$4320-$4465	Buy on dips
Comex	**SIlver**	Spot	$72-$78	Buy on dips
Nymex	**Crude oil**	Feb	$55-$59	Sell on rise

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