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Gold surges to record high on Fed Rate cut bets while Crude Oil rallies before OPEC+ meeting

Gold prices climbed above \$3,500 per ounce on Tuesday, marking a fresh record high as mounting expectations of a U.S. Federal Reserve rate cut this month bolstered demand. Traders are pricing in a 90% probability of a 25-basis-point reduction on September 17, with gold's trajectory hinging on how closely the Fed's policy path aligns with market projections. However, the prices now slipped below \$3,475 on stronger dollar which surged by over 0.7% to 98.30 weighed on the gold prices from its record highs. However, gold continues to benefit from strong fundamental drivers, including persistent central bank purchases, safe-haven inflows amid trade and geopolitical uncertainty, and broad dollar weakness. Non-yielding gold typically gains in low-rate environments, reinforcing its appeal. Meanwhile, U.S. nonfarm payrolls data on Friday will be critical in shaping expectations for the Fed's move. Reflecting robust investor appetite, SPDR Gold Trust holdings rose 1.01% to 977.68 tons, the highest since August 2022, underscoring firm demand ahead.

WTI crude oil futures rallied over 3% to trade above \$65.80 per barrel on Tuesday, marking their highest level in nearly a month supported by technical buying ahead of the OPEC+ meeting later this week, where most analysts expect the group to maintain current output levels for October. Market focus also remains on Russian crude flows, with U.S. diplomatic efforts targeting India, Moscow's key buyer, amid the ongoing Russia-Ukraine conflict. Supply risks are intensifying as Ukraine's recent drone strikes reportedly disabled facilities accounting for around 17% of Russia's refining capacity. On the demand side, optimism was boosted after a private survey showed China's manufacturing activity expanded at its fastest pace in five months in August, easing concerns about slowing consumption. However, expectations of a potential supply surplus continue to cap gains. Investors now await the OPEC+ decision, crucial for near-term price direction.

Base metals traded mixed, with copper edging lower on the LME to \$9,880/ton as a firmer dollar weighed, while on the MCX the red metal held just below ₹899/kg. Still, sentiment was supported by signs of improving demand in China, where August PMI surveys pointed to stronger factory activity and Yangshan copper premiums climbed to their highest since June, signaling robust import appetite. Zinc also advanced, buoyed by growing expectations of a US rate cut at the Fed's September meeting. Traders now look to the upcoming US jobs data for further cues, as easing prospects could weaken the dollar and provide additional support to industrial metals.

US natural gas futures climbed over \$3 per MMBtu in early September, extending the rebound from a nine-month low of \$2.73 on August 20, supported by expectations of tighter domestic supply. Latest data showed Russian LNG exports fell over 6% year-on-year through August, boosting US LNG's share in global trade as Europe and Asia diversify sourcing. This has increased bidding competition for limited US supply, pressuring domestic availability. EIA data further highlighted a 3.4% annual storage decline. On the demand side, ExxonMobil projected global natural gas consumption to rise over 20% in the next 25 years as economies transition away from coal.

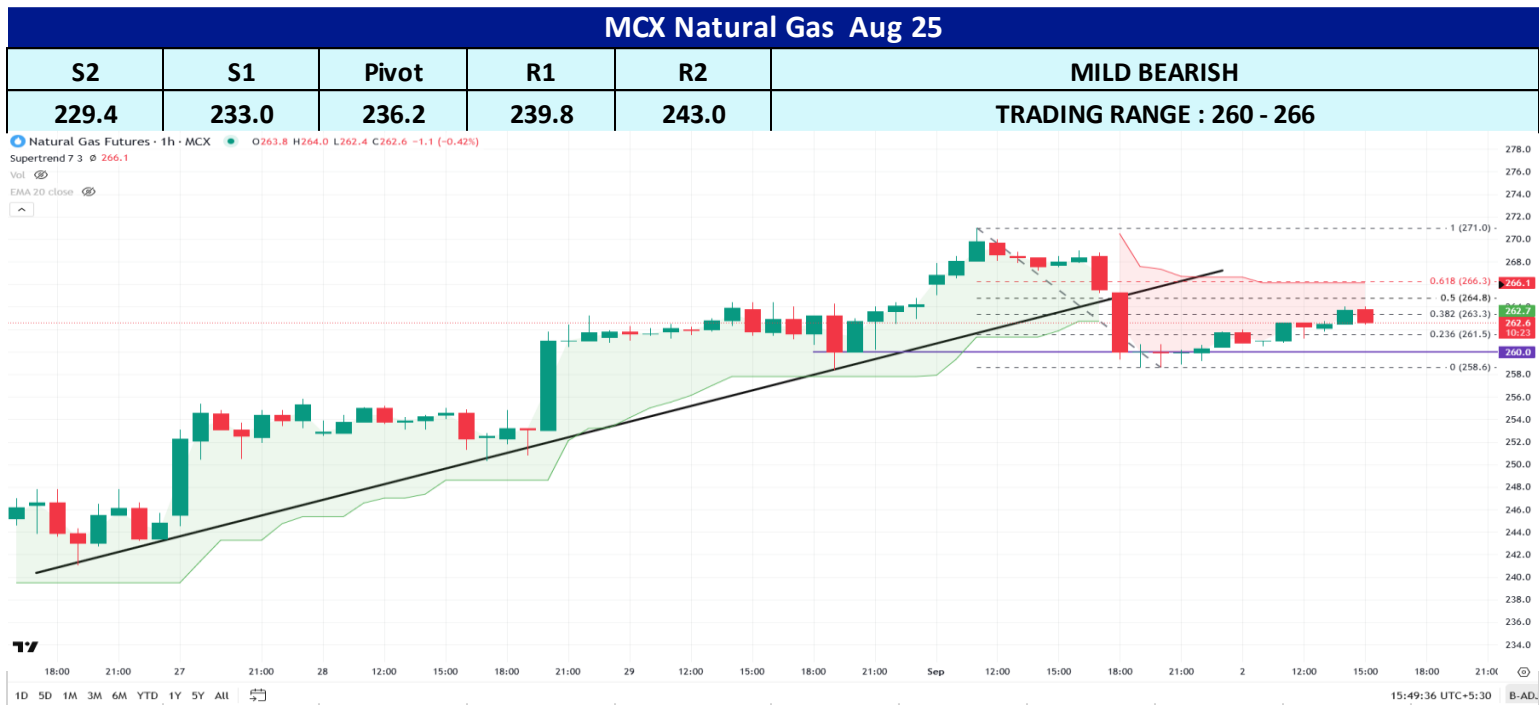
Date	IST	Currency		Forecast	Previous
02-Sep-2025	19:30	USD	ISM Manufacturing PMI	49.0	48.0
	19:30	USD	ISM Manufacturing Prices	65.1	64.8
	23:30	USD	President Trump Speaks		

Source: Forexfactory

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3421.5	3451.9	3461.3	3476.5	3491.7	3501.1	3531.5
	MCX Gold Oct	103257	104131	104401	104838	105275	105545	106419
	Spot Silver	39.24	39.87	40.06	40.38	40.70	40.89	41.52
	MCX Silver Dec	120969	122683	123213	124070	124927	125457	127171
	MCX Copper Sep	888.2	894.2	896.0	899.0	902.0	903.8	909.8
	MCX Zinc Sep	270.1	272.6	273.4	274.6	275.8	276.6	279.1
	MCX Lead Sep	180.1	180.9	181.2	181.6	182.0	182.3	183.1
	MCX Aluminium Sep	251.8	253.6	254.1	255.0	255.9	256.4	258.2
	MCX Crude Oil Sep	5667	5745	5769	5808	5847	5871	5949
	MCX Natural Gas Sep	251.25	258.02	260.11	263.50	266.89	268.98	275.75

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Source: Trading View

RATING SCALE FOR DAILY REPORT

BUY	We expect the commodity to deliver 1% or more returns
SELL	We expect the commodity to deliver (-1%) or more returns
SIDEWAYS	We expect the commodity to trade in the range of (+/-)1%
NOTE - The recommendations are valid for one day from the date of issue of the report, subject to mentioned stop loss, if any	

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