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Safe-Haven demand and rate cut bets drive gold to new high, OPEC+ supply speculation pressures crude oil

Spot gold surged to a fresh record above \$3,546 per ounce on Wednesday, driven by mounting expectations of US monetary easing and heightened demand for safe-haven assets amid political and economic uncertainties. Markets are pricing an 89% probability of a 25-basis-point rate cut this month, following Chair Powell's cautious signal towards policy easing. Political friction has further intensified risk sentiment, as President Trump's disputes with the Fed—particularly actions against Governor Lisa Cook—spark concerns over central bank independence. Additionally, Trump's push for a Supreme Court ruling to reinstate tariffs declared illegal has reinforced trade uncertainty. Broader fiscal worries, coupled with diversification away from the US dollar and equity market pressures, continue to support bullion. Analysts note that an aggressive tariff stance, political turmoil, and robust ETF inflows have transformed gold from a short-term hedge into a core strategic holding. Focus now shifts to Friday's US jobs report for further policy cues.

WTI crude oil futures slipped below \$64 per barrel on Wednesday, pressured by expectations of higher Russian crude exports due to reduced refinery runs and concerns over a potential global surplus following earlier OPEC+ supply easing. Trade tensions with India, triggered by steep US tariff hikes, also clouded demand sentiment. This pullback came after prices had reached a four-week high in the prior session, supported by US sanctions on shipping firms linked to Iranian oil movements and supply disruptions from Ukrainian drone strikes that shut nearly 17% of Russia's refining capacity. President Zelenskyy's pledge of further attacks added to supply risks. Meanwhile, US crude inventories declined by 1 million barrels, less than the 1.7 million draw forecast, offering only mild support. Weak US manufacturing data, contracting for a sixth straight month under tariff pressures, further weighed on demand outlook. Market focus now shifts to the September 7 OPEC+ meeting, with no major output changes anticipated.

Base metals traded positively on the LME, while the MCX saw a mixed trend, with copper marginally lower just under ₹907/kg. On the LME, copper pushed past the \$10,000/ton mark, the highest since July, before cooling as traders balanced global cues with China's demand outlook. The red metal ended August on a stronger note and has carried momentum into September, supported by a weaker dollar and growing expectations of US rate cuts. Optimism also stems from higher Chinese import premiums and signs of tighter domestic supply. With China accounting for over 10% growth in copper consumption during the first half of 2025, the market remains heavily reliant on its trajectory, though the second half poses uncertainty. Reports of potential regulatory curbs on scrap recycling in China further signal supply-side risks.

European natural gas prices eased as investment funds reduced bullish positions, reflecting confidence in adequate winter supply. The benchmark contract slipped up to 1.1% on Wednesday, with net-long positions falling for a seventh straight week to the lowest in over a year, ICE data showed. Softer global competition, aided by China's subdued gas demand, has enabled Europe to secure sufficient volumes. Additionally, reports of a Russia-China pipeline deal may further ease competition for LNG. Analysts note this could prolong the bearish cycle in global gas markets into the decade's end.

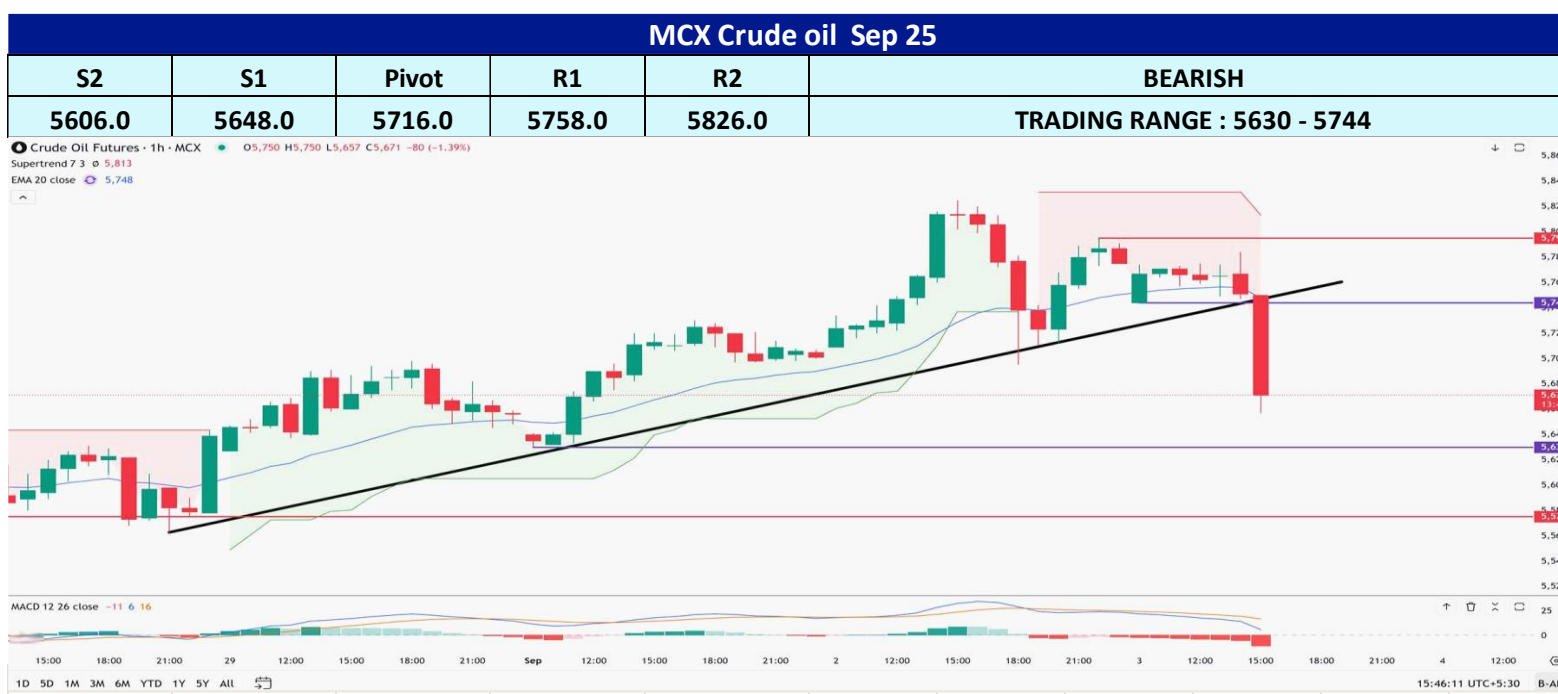
Date	IST	Currency		Forecast	Previous
03-Sep-2025	19:30	USD	JOLTS Job Openings	7.38M	7.44

Source: Forexfactory

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3477.5	3508.8	3518.5	3534.1	3549.7	3559.4	3590.7
	MCX Gold Oct	104682	105529	105791	106215	106639	106901	107748
	Spot Silver	39.78	40.36	40.54	40.83	41.11	41.29	41.87
	MCX Silver Dec	121778	123312	123786	124553	125320	125794	127328
	MCX Copper Sep	894.8	901.4	903.5	906.8	910.1	912.2	918.8
	MCX Zinc Sep	272.0	274.5	275.3	276.5	277.7	278.5	281.0
	MCX Lead Sep	180.7	181.5	181.7	182.1	182.5	182.7	183.5
	MCX Aluminium Sep	252.2	253.9	254.5	255.4	256.2	256.8	258.5
	MCX Nickel Sep	1323.1	1339.6	1344.7	1353.0	1361.3	1366.4	1382.9
	MCX Crude Oil Sep	5543	5624	5649	5690	5731	5756	5837
	MCX Natural Gas Sep	251.03	257.87	259.98	263.40	266.82	268.93	275.77
	MCX Electricity Sep	3332.43	3477.58	3522.42	3595.00	3667.58	3712.42	3857.57

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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