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Bullion recovers on cooling geopolitical stress while crude oil pulls back, signaling shifting risk sentiment

Spot gold rebounded from a five-week low, rising 0.7% to trade above \$5,550/oz, supported by a steady-to-weaker US dollar. Silver also recovered, gaining over 1% to move above \$73.5/oz after the prior session’s decline. The rebound comes amid persistent geopolitical uncertainty, as renewed US-Iran tensions around the Strait of Hormuz keep risk sentiment fragile and energy prices elevated. The dollar remained broadly stable, while crude-driven inflation concerns continue to shape rate expectations. Elevated oil prices are reinforcing inflation risks, reducing the likelihood of near-term monetary easing, with markets increasingly pricing out rate cuts and factoring in potential tightening. From a fundamental standpoint, geopolitical risks and inflation hedging support bullion; however, elevated yields and a firm policy outlook remain key headwinds. Focus now shifts to US labor market data for directional cues.

WTI crude retreated over 2% on Tuesday to near \$104/bbl, following the prior session’s sharp rally, as markets recalibrated risk amid evolving Middle East tensions. Despite continued hostilities between the U.S. and Iran and damage to infrastructure in Fujairah, prices softened on signs of partial de-escalation, including U.S.-escorted tanker movements and tentative diplomatic signals. Vessel congestion near Dubai and the still-disrupted Strait of Hormuz continue to underscore supply chain stress, though the market has begun pricing out worst-case blockade scenarios. Near-term pressure stems from easing geopolitical risk premium, profit-taking, and improved macro sentiment driven by resilient U.S. corporate earnings. However, structurally, risks remain elevated with a significant portion of global oil flows still vulnerable and limited OPEC spare capacity accessible. Short-term volatility may persist, but unless a sustained reopening of Hormuz materializes, crude is likely to remain firmly supported above the \$100/bbl threshold.

LME base metals traded mostly higher on Tuesday, supported by improved risk sentiment as tensions around the Strait of Hormuz eased following Monday’s flare-up. Copper rose 0.37% to \$13,044.50/t, as markets assessed the durability of the fragile ceasefire after recent exchanges between US and Iranian forces in the Persian Gulf. Sentiment improved after US forces enabled safe passage of vessels through the strait. However, gains remained limited as LME copper inventories stayed near their highest levels since 2013, weighing on near-term outlook. Zinc outperformed, rising 0.64% to \$3,360/t, boosted by a fire incident at Glencore’s Kazzinc Ust-Kamenogorsk plant, though the extent of disruption remains uncertain. Aluminium edged up 0.3% to \$3,532.50/t, underpinned by ongoing Gulf supply risks, while nickel and lead posted modest gains. Despite the uptick, downside risks persist. Any prolonged disruption in the Strait of Hormuz could intensify energy costs, reinforce a hawkish policy stance from central banks, and weigh on global manufacturing demand, limiting sustained upside across the base metals complex.

US natural gas futures eased to \$2.82/MMBtu, holding near a four-week high as declining production provided underlying support. Output has trended lower with major producers such as EQT curbing activity amid weak spot prices. While earlier mild weather enabled robust storage injections, tighter supply and slightly cooler conditions have narrowed the inventory surplus to ~7% above seasonal norms. However, softer LNG exports—averaging 17.4 bcf/d versus April’s peak—along with seasonally normal temperatures, cap upside. Fundamentally, supply discipline remains supportive, but muted export demand and stable weather limit bullish momentum, keeping the near-term outlook balanced to slightly firm.

Date	IST	Currency		Forecast	Previous
05-May-2026	19:30	USD	ISM Services PMI	53.7	54.0
	19:30	USD	JOLTS Job Openings	6.86M	6.88M
	19:30	USD	New Home Sales	652K	587K

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4421.4	4495.0	4517.7	4554.5	4591.3	4614.0	4687.6
	MCX Gold Jun	146684	148434	148974	149849	150724	151264	153014
	Spot Silver	69.32	71.74	72.49	73.70	74.91	75.66	78.08
	MCX Silver Jul	235036	241098	242971	246002	249033	250906	256968
	MCX Copper May	1263.9	1275.8	1279.5	1285.5	1291.4	1295.1	1307.0
	MCX Zinc May	338.6	342.0	343.1	344.8	346.5	347.6	351.0
	MCX Lead May	198.6	199.4	199.6	200.1	200.5	200.7	201.5
	MCX Aluminium May	364.8	368.8	370.1	372.2	374.2	375.5	379.5
	MCX Crude Oil May	9167	9600	9734	9951	10168	10302	10735
	MCX Natural Gas May	258.62	265.58	267.72	271.20	274.68	276.82	283.78

Source: Bloomberg, Kotak Neo 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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