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Crude oil drops for second session as geopolitical risk fades, while gold gains momentum amid softer dollar and improving sentiment

Spot Gold and silver posted a strong mid-week rally, with spot gold rising over 3% to around \$4,700 per ounce and silver surging more than 6% to over \$77. The move was largely driven by a softer dollar and easing crude oil prices, as markets reacted to signs of de-escalation in U.S.–Iran tensions. Reports indicate that the White House is close to finalizing a preliminary MOU with Iran, potentially paving the way for nuclear negotiations and a gradual rollback of sanctions. While no agreement has been confirmed, the prospect of reduced geopolitical risk has weighed on oil prices and inflation expectations, indirectly supporting precious metals through currency weakness. However, the backdrop remains mixed. Lower oil prices and easing inflation could reduce the urgency for aggressive monetary tightening, but persistently high interest rates continue to cap upside in non-yielding assets like gold. Gold remains supported by macro uncertainty, currency volatility, and geopolitical undercurrents, but near-term gains may face resistance if risk sentiment improves further and rate expectations remain elevated.

WTI crude oil prices slumped over 9%, falling below \$93 per barrel and hitting two-week lows, as easing geopolitical risk sentiment weighed heavily on the market. The decline followed an Axios report suggesting that Washington is nearing a preliminary framework agreement with Iran to potentially end the ongoing conflict. While no deal has been finalized, expectations of a diplomatic breakthrough within the next 48 hours have triggered aggressive profit-booking. On the supply side, disruptions in the Strait of Hormuz have tightened global balances, with restricted marine traffic leading to inventory drawdowns. American Petroleum Institute data showed a sharp 8.1 million barrel decline in U.S. crude stocks, alongside significant drops in gasoline and distillates, highlighting underlying supply stress. From a fundamental perspective, downside risks stem from potential de-escalation and restoration of Iranian supply, while upside support remains from tight inventories and ongoing logistical disruptions. Near-term bias remains highly event-driven, with volatility likely to persist.

LME base metals rallied broadly on Wednesday as reports of the US memorandum of understanding with Iran lifted market sentiment and drove a sharp recovery across the complex. Copper gained 1.8% to \$13,370/t, extending its recovery as easing geopolitical risk reduced fears of a prolonged energy shock that could crimp global manufacturing activity. The broader complex has held up relatively well since the war began in late February, supported by significant supply threats as Gulf aluminium smelter disruptions have curtailed output, while a shortage of sulphuric acid from the region poses a longer-term risk to copper production elsewhere. Zinc added 1.9% to \$3,423/t and lead edged up 0.53% to \$1,983/t. Aluminium was the sole decliner, slipping 1.2% to \$3,546.50/t, giving back some of its recent outperformance despite ongoing Gulf supply disruptions.

US natural gas futures declined over 2% to \$2.77/MMBtu, pressured by rising domestic supply and weaker export flows. Pipeline deliveries to LNG terminals dropped to their lowest since late January due to seasonal maintenance, temporarily easing export demand and increasing domestic availability. However, an uptick in cooling demand is expected as summer approaches. On the supply side, persistently low prices have prompted producers, including EQT Corporation, to scale back drilling and curtail output. While storage levels remain 7% above average, the market faces a near-term oversupply, though tightening supply discipline and seasonal demand recovery could provide gradual support ahead.

Date	IST	Currency		Forecast	Previous
06-May-2026	17:45	USD	ADP Non-Farm Employment Change	118K	62K
	19:30	USD	Crude Oil Inventories	-3.4M	-6.2M

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4543.9	4629.6	4656.1	4699.0	4741.8	4768.3	4854.0
	MCX Gold Jun	148982	150899	151492	152450	153408	154001	155918
	Spot Silver	72.26	74.87	75.68	76.99	78.30	79.10	81.72
	MCX Silver Jul	241386	247761	249730	252918	256106	258075	264450
	MCX Copper May	1280.0	1292.4	1296.3	1302.5	1308.7	1312.6	1325.0
	MCX Zinc May	342.0	345.4	346.5	348.3	350.0	351.1	354.5
	MCX Lead May	199.0	200.1	200.4	200.9	201.4	201.7	202.8
	MCX Aluminium May	362.8	367.4	368.8	371.1	373.4	374.8	379.4
	MCX Crude Oil May	8149	8639	8790	9035	9280	9431	9921
	MCX Natural Gas May	246.94	254.22	256.46	260.10	263.74	265.98	273.26

Source: Bloomberg, Kotak Neo Commodity Research

Please See Disclosure/Disclaimer at end of the report

MCX Gold Jun 26					
S3	S1	Pivot	R1	R2	BULLISH
151097.3	151773.7	152329.3	153005.7	153561.3	TRADING RANGE : 152000 - 153200



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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