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Gold hits record high as Fed easing bets and escalating US-China tensions fuel safe-haven demand; Crude Oil rebounds on supply risks

Spot gold surged to a fresh record high of \$4,442.06 on Thursday, supported by persistent U.S.-China trade tensions, the ongoing U.S. government shutdown, and growing expectations of Federal Reserve rate cuts. Investors sought safety amid rising geopolitical and economic uncertainty, while solid central bank buying, strong ETF inflows, and a weaker dollar added further strength. Traders are now pricing in a 25-basis-point rate cut in October with another likely in December. Meanwhile, spot silver held firm near \$53 per ounce, hovering close to record highs as a global supply crunch continues to drive prices. The London market remains under intense pressure from a short squeeze, with lease rates surging over 30% and rollover costs for short positions soaring. Strong Indian demand has deepened supply tightness, prompting several mutual fund houses to temporarily halt inflows into silver-linked ETF schemes, underscoring the metal's structural deficit.

WTI Crude Oil prices edged up about 0.4% to trade near \$58.50 per barrel on Thursday after U.S. President Donald Trump said Indian Prime Minister Narendra Modi had agreed to halt oil imports from Russia — a move that could tighten global supplies. India currently sources roughly one-third of its crude from Russia, and any reduction could redirect demand to other producers. However, India's foreign ministry clarified that its primary objectives remain ensuring stable prices and secure supplies, without confirming Trump's statement. Reports indicate some Indian refiners are preparing for a gradual reduction in Russian crude purchases, signaling potential shifts in trade flows. Meanwhile, the UK imposed fresh sanctions targeting major Russian energy firms Rosneft and Lukoil, along with 44 tankers linked to Moscow's shadow fleet and India's Nayara Energy refinery. These developments underscore escalating Western efforts to restrict Russia's energy revenues and could influence near-term oil market balances.

Base metals traded on a mixed note, with copper slipping nearly 1% on the LME to around \$10,553/ton, while other metals held firm. The red metal faced pressure from renewed US-China trade tensions and uncertainty over the prolonged US government shutdown, though a softer dollar offered some relief. Concerns over slowing Chinese manufacturing and weaker demand prospects also weighed on sentiment. However, supply risks lent support, as Japan, Spain, and South Korea warned that plunging treatment and refining charges could threaten refined output. In China, smelters increased copper exports to capitalize on stronger overseas prices, even as domestic demand cooled, underscored by a sharp drop in the Yangshan premium, keeping the broader base metals complex cautious yet resilient. Meanwhile, aluminium extended gains, with the LME cash-to-three-month premium hitting its highest since February, highlighting tight near-term supply.

European natural gas prices moved higher as renewed Russian attacks on Ukrainian energy infrastructure raised concerns over supply security. Ukraine's Naftogaz reported that missile and drone strikes forced temporary shutdowns at key gas facilities, disrupting operations. The situation is compounded by reduced Norwegian pipeline flows due to seasonal maintenance and weaker wind power generation across parts of Europe. With colder weather boosting regional demand and Ukraine expected to increase gas imports from the EU, traders fear tighter market conditions ahead. Ukrainian President Zelenskiy warned of intensified Russian strikes on energy assets through the autumn season.

Date	IST	Currency		Forecast	Previous
16-Oct-2025	18:30	USD	FOMC Member Waller Speaks		
	20:00	USD	Natural Gas Storage	76B	80B
	21:30	USD	Crude Oil Inventories	0.3M	3.7M

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4138.7	4195.3	4212.8	4241.2	4269.5	4287.0	4343.7
	MCX Gold Dec	125106	126680	127166	127953	128740	129226	130800
	Spot Silver	50.37	51.79	52.23	52.94	53.66	54.10	55.52
	MCX Silver Dec	156843	160606	161768	163650	165532	166694	170457
	MCX Copper Oct	959.4	977.7	983.3	992.5	1001.7	1007.3	1025.6
	MCX Zinc Oct	283.8	287.2	288.3	290.0	291.7	292.8	296.2
	MCX Lead Oct	177.1	178.1	178.4	178.9	179.4	179.7	180.7
	MCX Aluminium Oct	258.4	260.8	261.5	262.8	264.0	264.7	267.1
	MCX Nickel Nov	1314.4	1323.6	1326.4	1331.0	1335.6	1338.4	1347.6
	MCX Crude Oil Oct	4973	5068	5097	5145	5193	5222	5317

Source:Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Chart Source: Trading view

Evening Track

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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