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Spot Gold pulls back from record high before Fed decision: Crude Oil consolidates after 3-day rally but geopolitical risks persist

Spot gold fell about 0.60% as it slipped below \$3,670 per ounce on Wednesday, likely driven by profit-taking after the metal touched a fresh record of over \$3,700 level in the previous session. Despite the pullback, the broader bullish momentum remains intact ahead of the Federal Reserve's policy decision, where a 25bps rate cut—the first of the year—is widely anticipated. Softer payroll data underscored a weakening labor market, strengthening expectations for as many as three cuts in 2025. Still, signs of resilience persist, with August retail sales rising 0.6% and the core control group advancing 0.7%, marking a fourth consecutive month of growth. Markets will closely track the Fed's updated dot plot and Chair Powell's remarks for policy signals. Year-to-date, gold has rallied around 41%, underpinned by robust central bank purchases, safe-haven flows, and sustained weakness in the US dollar.

WTI Crude Oil slipped to \$64 per barrel after a three-day rally, as markets weighed geopolitical risks against macroeconomic signals ahead of the Federal Reserve's policy decision. Ukraine's strike on Russia's Saratov refinery marked the latest disruption to Moscow's energy infrastructure, contributing to OPEC+ output falling to post-pandemic lows, according to Goldman Sachs. However, the price recovery remains capped within a \$5 trading band that has persisted for over six weeks, reflecting the push and pull between supply risks and bearish fundamentals. The accelerated return of OPEC+ supply is reinforcing expectations of a potential surplus later this year, while rising tanker earnings point to stronger export flows. On the macro front, traders are awaiting the Fed's interest rate call, with markets already pricing in a quarter-point cut and further easing by April. Meanwhile, API data showed a 3.4-million-barrel U.S. crude stock draw, the largest in a month.

Base metals slipped sharply today as market participants turned cautious ahead of the U.S. Fed policy decision. LME Copper led the losses, falling nearly 2% to \$9,940/t, pressured by rising inventories and risk-off sentiment. Notably, LME copper stocks in U.S. warehouses increased by 175 tonnes, the first delivery since December 2023, further weighing on sentiment. Earlier this week, copper had surged to a 15-month high of \$10,173/tonne, buoyed by a weaker dollar and growing expectations of a potential first Fed rate cut of 2025. Adding to the longer-term bullish narrative, the U.S. Department of the Interior and the U.S. Geological Survey recommended copper be added to the list of critical minerals, hinting towards rising demand and concerns over the resilience of domestic supply chains amid regulatory hurdles and geopolitical uncertainties. Aluminium and zinc also weakened, slipping around 0.8%, as the U.S. dollar staged a modest recovery. Volatility is likely to persist today, with traders awaiting Fed Chair Powell's post-decision press conference and the updated dot plot, for fresh cues on the policy trajectory for the rest of 2025.

European natural gas prices edged higher as markets awaited Brussels' next steps on sanctions against Russia and its energy exports. Benchmark futures traded above €32 per megawatt-hour after European Commission President Ursula von der Leyen announced plans to accelerate the phase-out of Russian fossil fuel imports. Meanwhile, the EU is considering fresh restrictions targeting companies in India and China accused of facilitating Russia's oil trade. The release of the new sanctions package, originally expected Wednesday, was postponed following US President Donald Trump's call for tougher European measures.

Date	IST	Currency		Forecast	Previous
17-Sep-2025	23:30	USD	Federal Funds Rate	4.25%	4.50%
	19:30	USD	FOMC Economic Projections		
	23:30	USD	FOMC Statement		

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3609.9	3641.3	3651.1	3666.8	3682.6	3692.3	3723.8
	MCX Gold Oct	107957	108739	108981	109372	109763	110005	110787
	Spot Silver	40.18	40.87	41.08	41.43	41.77	41.99	42.68
	MCX Silver Dec	123004	124826	125388	126299	127210	127772	129594
	MCX Copper Sep	889.4	896.4	898.6	902.1	905.5	907.7	914.7
	MCX Zinc Sep	276.0	278.9	279.8	281.2	282.6	283.5	286.4
	MCX Lead Sep	180.6	181.6	181.9	182.5	183.0	183.3	184.3
	MCX Aluminium Sep	255.9	257.7	258.2	259.1	260.0	260.5	262.3
	MCX Nickel Oct	1325.5	1339.0	1343.2	1350.0	1356.8	1361.0	1374.5
	MCX Crude Oil Sep	5464	5556	5585	5631	5677	5706	5798
	MCX Natural Gas Sep	261.69	268.33	270.38	273.70	277.02	279.07	285.71
	MCX Electricity Sep	3731.13	3807.90	3831.61	3870.00	3908.39	3932.10	4008.87

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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