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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 above $4,379 per ounce on Friday, marking its best week in over 17 years amid mounting concerns over U.S. regional banks, escalating global trade frictions, and growing expectations of Federal Reserve rate cuts. The metal has gained about 8.6% this week, notching new highs in each session and heading for its strongest weekly performance since September 2008. Investor sentiment strengthened after Fed Governor Christopher Waller signaled support for another rate cut, with markets pricing in a 25-basis-point reduction at the October 29–30 meeting and another in December. Geopolitical tensions also supported the rally, as Presidents Trump and Putin agreed to another summit on the Ukraine conflict, while Western nations tightened sanctions on Russian oil. Meanwhile, Silver hovered near record highs above $54.4 per ounce, up around 8% for the week, amid tightening global supply, strong safe-haven inflows, and liquidity strains in London's market, further amplified by robust Indian demand.

WTI Crude Oil prices fell nearly 2% on Friday, marking their third consecutive weekly loss and totaling a decline of about 4.3% for the week. The downturn was driven by uncertainty surrounding global energy supplies after U.S. President Donald Trump and Russian President Vladimir Putin agreed to meet in Hungary within two weeks to discuss ending the war in Ukraine. The International Energy Agency's latest outlook, projecting a potential supply glut in 2026, further weighed on sentiment. Additionally, U.S. Energy Information Administration data showed crude inventories rising by 3.5 million barrels to 423.8 million last week, far exceeding expectations of a 288,000-barrel build. The larger-than-anticipated increase stemmed mainly from reduced refinery utilization amid seasonal maintenance turnarounds. Meanwhile, U.S. crude output climbed to a record 13.636 million barrels per day. The geopolitical uncertainty, coupled with rising supply and record production levels, reinforced bearish momentum across the crude market heading into next week.

Base metals extended their decline, pressured by a mix of macroeconomic and geopolitical headwinds. Copper led the fall, slipping nearly 1.8% to around $10,485/ton on the LME, as traders booked profits after last week's rally to an 11-month high near $11,000. Sentiment across markets turned cautious amid renewed worries over US credit risks, triggered by reports of loan fraud within regional banks and growing concerns about tighter financial conditions. The mood was further clouded by a partial US government shutdown that disrupted the release of key economic data, adding to investor unease. Meanwhile, tensions between Washington and Beijing resurfaced after China's Commerce Minister accused the US of stoking panic over rare earth export controls, deepening trade frictions. On the supply front, rising ShFE copper inventories, up 550 tonnes to a six-month high of 110,240 tonnes, added to near-term pressure, even as a weaker dollar offered limited support.

US natural gas futures extended losses for a third straight session on Friday to trade below $3.0 mmbtu, heading for a second consecutive weekly decline of over 6.2%, falling to a near three-week low. The drop followed an EIA report showing an 80 bcf inventory build last week, broadly in line with expectations of +81 bcf and close to the five-year average of +83 bcf, lifting total stockpiles to 3.721 tcf—4.3% above the seasonal norm. Colder trends in late-October forecasts were insufficient to boost demand, according to EBW Analytics. Meanwhile, Lower-48 dry gas production rose 4% y/y to 107.2 bcf/day, while total demand slipped 6.7% y/y. European gas prices firmed as Russian attacks on Ukrainian infrastructure intensified, and Asian LNG prices held steady amid ongoing supply assessments.

Date	IST	Currency		Forecast	Previous
17-Oct-2025	21:45	USD	FOMC Member Musalem Speaks		

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4212.0	4282.3	4304.0	4339.1	4374.3	4396.0	4466.3
	MCX Gold Dec	128206	130016	130575	131480	132385	132944	134754
	Spot Silver	51.51	52.93	53.37	54.07	54.78	55.22	56.64
	MCX Silver Dec	161218	165149	166364	168330	170296	171511	175442
	MCX Copper Oct	952.3	969.5	974.9	983.5	992.1	997.5	1014.7
	MCX Zinc Oct	282.6	286.0	287.0	288.7	290.4	291.4	294.8
	MCX Lead Oct	175.1	176.3	176.7	177.3	177.8	178.2	179.4
	MCX Aluminium Oct	257.0	259.5	260.3	261.5	262.7	263.5	266.0
	MCX Nickel Nov	1286.8	1300.1	1304.2	1310.8	1317.4	1321.5	1334.8
	MCX Crude Oil Oct	4763	4889	4928	4991	5054	5093	5219
	MCX Natural Gas Oct	243.74	251.40	253.77	257.60	261.43	263.80	271.46
	MCX Electricity Oct	2826.76	2897.10	2918.83	2954.00	2989.17	3010.90	3081.24

Source:Bloomberg, KS Commodity Research ***Please See Disclosure/Disclaimer at end of the report***

MCX Crude oil Oct 25					
S2	**S1**	**Pivot**	**R1**	**R2**	**BEARISH**
4807.7	**4899.3**	**5077.7**	**5169.3**	**5347.7**	**TRADING RANGE : 4950 - 5060**

Chart 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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