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Gold holds firm on monetary easing prospects; Crude oil struggles with inventory build and weak demand

Spot gold traded near \$3,655 on Friday, set for its fifth consecutive weekly gain, as the Federal Reserve's first rate cut of the year fueled optimism over further easing. The Fed lowered its benchmark rate by 25 basis points and signaled openness to additional cuts, though policymakers emphasized caution amid persistent inflation pressures. Chair Jerome Powell framed the move as a risk-management step in response to a softening labor market, noting that future policy will remain data-dependent. Traders are still pricing in almost two more rate cuts this year, with the expectation of Fed monetary easing a major catalyst in bullion's 39% surge this year. Market expectations remain elevated, with CME FedWatch tool showing a 92% probability of another 25-bp cut in October. Beyond Fed policy, gold continues to benefit from robust central bank purchases and safe-haven demand amid global uncertainties.

WTI crude oil slipped below \$62.60 per barrel on Friday as persistent demand concerns outweighed optimism from the U.S. Federal Reserve's first rate cut of the year. While lower borrowing costs typically support consumption, the EIA and other agencies flagged risks of slowing global demand, limiting upside momentum. Short-lived support from the Fed's move, President Trump's calls to halt Russian crude purchases, and Ukrainian strikes on energy assets faded quickly. On the supply side, OPEC+ output policies and elevated U.S. fuel inventories pressured sentiment, with distillate stockpiles rising by 4 million barrels against expectations of 1 million. Domestic economic softness, highlighted by weakening labor market data and a slump in housing construction, further weighed on outlook. Meanwhile, Russia's fiscal adjustments to absorb sanctions and Trump's preference for lower oil prices eased supply disruption fears. Markets now await Trump's scheduled call with China's Xi Jinping for signals on trade tensions.

Base metals traded mixed on Friday, with most metals on the MCX moving lower except copper, which inched up to around ₹905/kg. Copper prices have continued to firm on resilient Chinese demand and earlier supply inflows to the US, though growth in renewables-driven consumption in China is showing signs of slowing in the second half of the year. Markets are watching for fresh cues from the upcoming call between U.S. President Donald Trump and Chinese President Xi Jinping, while copper prices rebounded from a one-week low as lower prices encouraged Chinese buyers to restock ahead of the holiday break.

U.S. natural gas futures extended losses on Friday to trade near \$2.92/MMBtu, following a sharp 5% drop in the previous session after the EIA reported a larger-than-expected storage build. Inventories rose by 90 bcf for the week ending September 12, surpassing estimates of 81 bcf and well above both last year's 56 bcf and the five-year average of 74 bcf. Mild weather across key regions reduced heating and cooling demand, enabling higher injections. LNG exports also eased, with flows to U.S. export facilities averaging 15.7 bcf/d in September versus 15.8 bcf/d in August. On supply, Lower 48 output averaged 107.4 bcf/d, slightly below August's record 108.3 bcf/d.

Date	IST	Currency		Forecast	Previous
19-Sep-2025			No data		

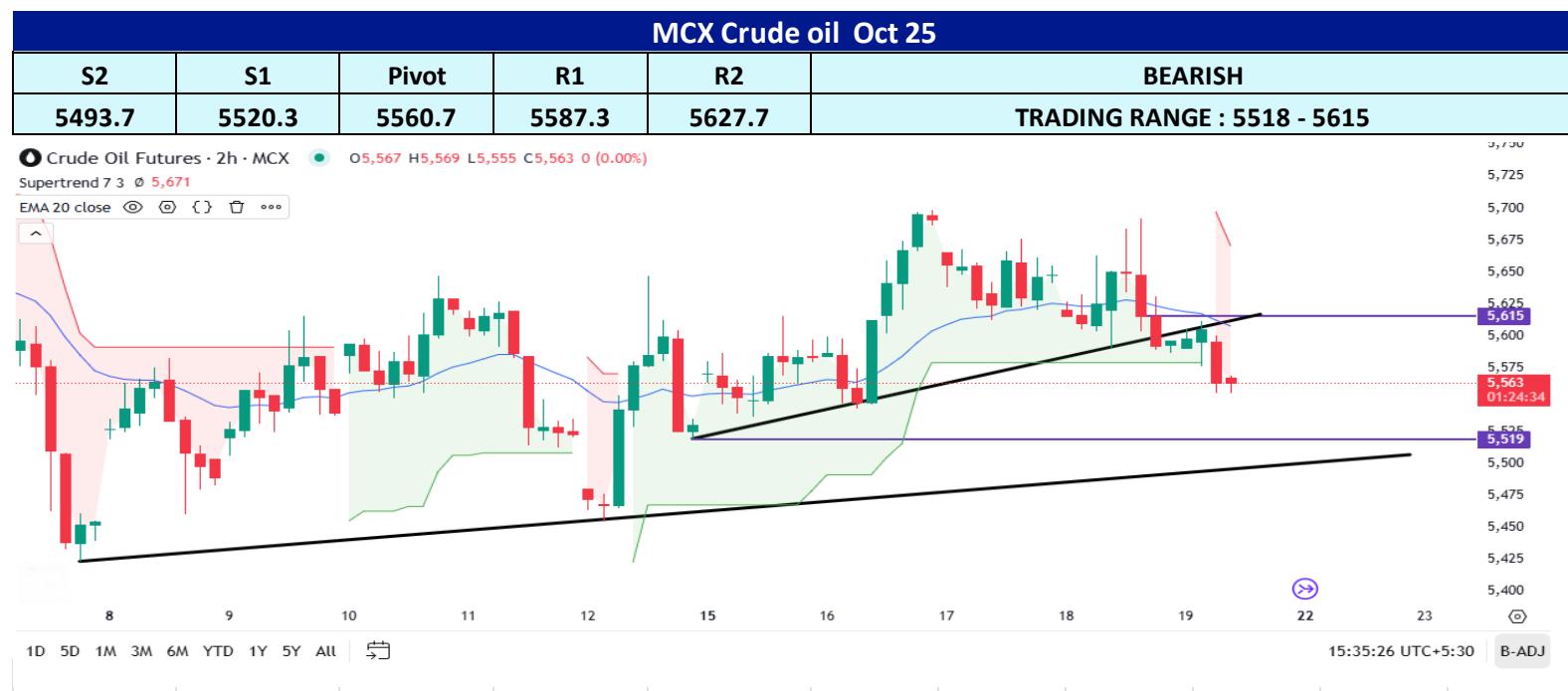
Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3598.3	3631.0	3641.1	3657.5	3673.8	3683.9	3716.6
	MCX Gold Oct	108040	108779	109007	109377	109747	109975	110714
	Spot Silver	41.03	41.70	41.91	42.24	42.58	42.78	43.46
	MCX Silver Dec	125019	126805	127357	128250	129143	129695	131481
	MCX Copper Sep	893.4	899.6	901.5	904.6	907.7	909.6	915.8
	MCX Zinc Sep	272.2	274.9	275.8	277.2	278.5	279.4	282.1
	MCX Lead Sep	181.2	182.1	182.4	182.9	183.3	183.6	184.5
	MCX Aluminium Sep	254.7	256.6	257.2	258.2	259.1	259.7	261.6
	MCX Nickel Oct	1294.2	1310.7	1315.8	1324.0	1332.2	1337.3	1353.8
	MCX Crude Oil Oct	5399	5481	5506	5547	5588	5613	5695
	MCX Natural Gas Sep	245.34	252.45	254.65	258.20	261.75	263.95	271.06
	MCX Electricity Sep	3675.38	3740.96	3761.21	3794.00	3826.79	3847.04	3912.62

Source: Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



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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