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Gold stabilizes despite firm dollar; WTI Crude oil extends weekly losses on bearish supply outlook

Spot gold hovered near \$4,330 per ounce on Friday, pressured by a firmer U.S. dollar and year-end portfolio rebalancing, yet remained on track for a weekly gain as softer U.S. inflation data reinforced expectations of monetary easing. U.S. CPI rose 2.7% y/y in November, undershooting forecasts, while core inflation slowed to its weakest pace since early 2021, supportive for non-yielding assets. Fed funds futures now price a modestly higher probability of a January rate cut, with policymakers signaling that sustained disinflation could open the door to further easing in 2026. Silver continues to outperform, up 128% YTD, underpinned by robust industrial demand, eclipsing gold's 65% annual rise. In the near term, dollar strength and positioning may cap upside, but the fundamental outlook for precious metals remains constructive, supported by easing inflation, potential Fed cuts, and resilient industrial demand—particularly favoring silver on a relative basis.

WTI crude oil prices slipped below \$56 per barrel on Friday, heading for a second consecutive weekly decline as bearish supply fundamentals continued to dominate market sentiment. Expectations of a global supply glut in 2026 weighed heavily on prices, driven by higher planned output from OPEC+ alongside resilient production growth from the United States and other non-OPEC producers. These supply-side concerns largely offset geopolitical risks stemming from a temporary blockade of Venezuelan oil tankers. Uncertainty surrounding how the U.S. might enforce President Donald Trump's stated intent to restrict the movement of sanctioned Venezuelan vessels further diluted risk premiums. Notably, Venezuela—accounting for roughly 1% of global oil supply—authorized two unsanctioned cargoes to depart for China, signaling continued export flexibility despite political pressure. With supply growth outpacing demand expectations and geopolitical risks proving less disruptive than feared, crude prices may remain under pressure in the near term. Sustained downside risks persist unless demand improves materially or supply discipline tightens.

Base metals traded firmer, with copper holding above \$11,800/ton and aluminium advancing over 0.5%, as markets drew support from a softer U.S. inflation backdrop. Copper prices remained elevated after last week's gains, following data showing underlying U.S. inflation rising at its slowest pace since early 2021. The cooling print eased concerns that sticky inflation could constrain the Federal Reserve's easing cycle, reinforcing the supportive macro environment for industrial metals. While the Fed has already delivered its third consecutive rate cut, policymakers remain cautious on signaling the pace of further easing, keeping markets attentive to incoming data. Traders are increasingly pricing in additional rate reductions in 2026, lending a medium-term tailwind to metals.

US natural gas futures traded firmer above \$3.9/MMBtu, though the broader fundamental backdrop remains mixed to slightly bearish. Weather forecasts point to above-average temperatures across much of the US heading into Christmas, curbing near-term heating demand. Supply-side pressures persist, with Lower-48 dry gas production holding near record levels at an estimated 109.7 Bcf/d in December. EIA data showed a 167 Bcf storage withdrawal, below expectations, keeping inventories 0.9% above the five-year average. Strong LNG feedgas demand, averaging a record 18.6 Bcf/d, offers partial support, but overall fundamentals suggest limited upside unless colder weather emerges.

Date	IST	Currency	Data	Forecast	Previous
19-Dec-2025	19:00	US	Existing Home Sales	4.15M	4.10M
	20:30	US	Revised UoM Consumer Sentiment	53.5	53.3
	20:30	US	Revised UoM Inflation Expectations		4.1%

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4250.6	4294.1	4307.5	4329.3	4351.0	4364.4	4407.9
	MCX Gold Feb	131907	133226	133633	134293	134953	135360	136679
	Spot Silver	62.87	64.65	65.20	66.09	66.98	67.53	69.31
	MCX Silver Mar	196907	201875	203409	205893	208377	209911	214879
	MCX Copper Dec	1094.0	1107.2	1111.2	1117.8	1124.4	1128.4	1141.6
	MCX Zinc Dec	295.7	299.9	301.2	303.3	305.4	306.7	310.9
	MCX Lead Dec	180.3	181.1	181.4	181.8	182.2	182.5	183.3
	MCX Aluminium Dec	279.6	281.9	282.6	283.8	285.0	285.7	288.0
	MCX Crude Oil Jan	4942	5012	5034	5069	5104	5126	5196
	MCX Natural Gas Dec	323.71	339.52	344.40	352.30	360.20	365.08	380.89

Source: Bloomberg, KS Commodity Research

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MCX Crude oil Jan 26					
S2	S1	Pivot	R1	R2	BEARISH
5029.7	5049.3	5069.7	5089.3	5109.7	TRADING RANGE : 4980- 5225



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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