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Gold breaks \$4,400 and Silver at record high at \$69 as dovish Fed expectations fuel safe-haven flows; Crude Oil rises on supply risk

Gold extended its historic rally on Monday, decisively breaking above the \$4,400-per-ounce for the first time, supported by rising expectations of U.S. monetary easing and persistent safe-haven demand. Despite the Federal Reserve maintaining a cautious tone, markets continue to price in two rate cuts next year. A softer U.S. inflation trend and signs of cooling in the labor market have reinforced this view, boosting the appeal of non-yielding assets. Gold is now up more than 60% year-to-date, heading for its strongest annual performance since 1979, supported by sustained central bank purchases and steady ETF inflows. Silver joined the rally, surging over 3% to a record high above \$69 per ounce. Alongside rate-cut expectations, heightened geopolitical risks have strengthened its safe-haven appeal. Industrial demand remains a key pillar, driven by expansion in solar energy, electric vehicles, and data centers, with silver on track for nearly 140% gains in 2025. With easing monetary conditions, geopolitical uncertainty, and strong structural demand, both gold and silver are likely to remain well-supported, though near-term volatility cannot be ruled out after sharp gains.

WTI crude futures climbed about 1% to trade over \$57 per barrel, extending gains from the previous session after U.S. officials confirmed the interception of an oil tanker in international waters off the Venezuelan coast. Reports that Washington is pursuing another vessel near Venezuelan waters point to a tightening enforcement of President Trump's blockade, following the seizure of two tankers earlier this month, including one over the weekend. Geopolitical risks were further amplified in Eastern Europe after Ukraine struck a Russian tanker in the Mediterranean Sea for the first time, following earlier attacks on Lukoil-linked infrastructure in the Caspian Sea. These developments coincide with ongoing diplomatic efforts to end the Russia–Ukraine war; U.S. and Ukrainian officials described recent talks in Miami as "productive and constructive," though without a clear breakthrough. While geopolitical risks provide near-term price support, the broader oil market remains fundamentally bearish. Expectations of ample global supply, rising non-OPEC output, and soft demand growth keep crude on track for an annual decline, limiting upside beyond short-lived risk premiums.

Base metals strengthened, as copper hovers near its highest level in nearly five months, as tightening supply dynamics continued to dominate sentiment. Copper remains on track for its strongest annual performance since 2009, underpinned by persistent mine disruptions, limited new project development, and severe stress in the concentrate market. This was reinforced by the landmark agreement between Chilean miner Antofagasta and a Chinese smelter to set zero treatment and refining charges for 2026, the lowest on record, highlighting structurally tight ore availability. Expectations of sustained demand from power grids, data centers, and AI-related infrastructure, alongside pre-emptive U.S. stockpiling ahead of potential tariffs, added further support. Aluminium also rallied, with prices nearing \$2,970/ton after South32 announced plans to idle its Moatal smelter, compounding supply pressures already evident from falling inventories and higher physical premiums.

US natural gas futures rose nearly 3% to trade above \$4/MMBtu, supported by firm power-sector demand as Lower-48 electricity generation increased 2.3% y/y on a weekly basis and 2.84% y/y on a 52-week average. The EIA reported a larger-than-normal storage draw of 167 bcf versus the five-year average of 96 bcf, highlighting ongoing seasonal demand, while inventories remain 1.2% lower y/y. However, warmer-than-normal temperatures forecast for Dec 24–Jan 2 may cap near-term heating demand. On the supply side, dry gas production remains near record highs at 112.9 bcf/day, with rising rig counts and softer LNG feedgas flows.

Date	IST	Currency	Data	Forecast	Previous
22-Dec-2025			No data		

Source: Forexfactory

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	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4325.7	4374.9	4390.1	4414.7	4439.3	4454.5	4503.8
	MCX Gold Feb	133657	135018	135439	136120	136801	137222	138583
	Spot Silver	65.65	67.58	68.17	69.13	70.10	70.69	72.62
	MCX Silver Mar	204192	209373	210974	213565	216156	217757	222938
	MCX Copper Dec	1100.1	1112.3	1116.1	1122.2	1128.3	1132.1	1144.3
	MCX Zinc Dec	295.7	299.7	300.9	302.9	304.8	306.0	310.0
	MCX Lead Dec	180.1	180.9	181.1	181.5	181.9	182.1	182.9
	MCX Aluminium Dec	281.0	283.2	283.8	284.9	286.0	286.6	288.8
	MCX Crude Oil Jan	5027	5096	5117	5152	5187	5208	5277
	MCX Natural Gas Dec	340.77	355.99	360.69	368.30	375.91	380.61	395.83

Source:Bloomberg, KS Commodity Research

Please See Disclosure/Disclaimer at end of the report



Chart Source: Trading view

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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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