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Crude oil and Bullions retreats amid US–China trade optimism; Focus turns to Fed and ECB policy cues

Spot gold prices declined nearly 2% on Monday, slipping below \$4,040 per ounce, as optimism over easing U.S.–China trade tensions boosted risk appetite and shifted investor focus on equities. U.S. President Donald Trump said both nations are set to “come away with” a trade deal, following a weekend of productive talks that laid the groundwork for his upcoming meeting with Chinese President Xi Jinping in South Korea. Market attention now turns to major central bank meetings this week, with the Federal Reserve widely expected to deliver a 25-basis-point rate cut on Wednesday after softer September inflation data. With the cut largely priced in, investors await Fed Chair Jerome Powell’s guidance for future policy direction. Meanwhile, silver extended losses toward \$48 per ounce, as improved trade sentiment reduced safe-haven demand. A potential trade breakthrough may further support risk assets, though lower tariffs could still pave the way for additional Fed easing, indirectly supporting precious metals longer term.

WTI crude oil prices fell over 1% on Monday, trading near \$60.80 per barrel, after U.S. and Chinese economic officials outlined a preliminary trade deal framework that eased concerns about escalating tariffs and export curbs between the world’s top two oil consumers. U.S. Treasury Secretary Scott Bessent said the agreement would avert proposed 100% U.S. tariffs on Chinese goods and delay China’s planned rare-earth export controls, reducing fears of a global growth slowdown. On the supply side, Iraq—OPEC’s largest overproducer—signaled ongoing discussions regarding its production quota within its 5.5 million barrels per day capacity, as the group seeks to balance output and regain market share. Meanwhile, continued worries over Russian supply persisted after new U.S. sanctions on Rosneft and Lukoil, which together produce nearly half of Russia’s oil. However, the IEA noted that the market remains well supplied, with robust output from the U.S., Canada, Brazil, Guyana, and Argentina expected to exceed demand growth.

Base metals extended last week’s gains into Monday’s session, with all metals trading higher and zinc leading the pack, up over 1% at around \$3,055/ton. The rally in zinc was underpinned by deepening supply constraints as smelting bottlenecks in Japan and Kazakhstan tightened refined output. The closure of Japan’s Zinc plant further strained supplies, while treatment charges rose to \$87.5 per ton, reversing last year’s negative levels. LME zinc inventories have fallen to their lowest level in decades, now covering less than a single day of global demand — sparking the sharpest cash-to-three-month spread seen since 1997. Copper, meanwhile, extended gains, advancing toward a 16-month high as optimism over easing U.S.–China trade tensions buoyed sentiment. Both nations appear close to finalizing a broad trade agreement, with President Trump reportedly dropping his threat of 100% tariffs and Beijing agreeing to pause rare earth export controls for a year. Overall, base metals remain underpinned by tightening supply dynamics and improving risk sentiment, though further direction will hinge on the final outcome of the U.S.–China talks later this week.

U.S. natural gas futures fell below \$3.3/MMBtu after opening over 2% higher, pressured by a larger-than-expected storage build. The EIA reported an 87 bcf injection for the week ended October 17, exceeding market expectations of 83 bcf and above both last year’s 79 bcf and the five-year average of 77 bcf. The increase, driven by milder weather, lifted total inventories to 0.9% above last year and 4.5% above the five-year average, signaling comfortable supply levels. While record production earlier in the year supported robust injections, recent data shows a marginal output decline even as LNG export demand hit a new monthly high. Forecasts suggest near-normal temperatures through early November.

Date	IST	Currency		Forecast	Previous
27-Oct-2025			No Data		

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3870.6	3965.8	3995.2	4042.8	4090.5	4119.9	4215.1
	MCX Gold Dec	117269	119862	120663	121960	123257	124058	126651
	Spot Silver	45.15	46.63	47.08	47.82	48.56	49.02	50.50
	MCX Silver Dec	137381	141961	143375	145665	147955	149369	153949
	MCX Copper Oct	984.4	994.9	998.2	1003.5	1008.7	1012.0	1022.5
	MCX Zinc Oct	295.9	299.7	300.8	302.8	304.7	305.8	309.6
	MCX Lead Oct	177.1	178.4	178.8	179.4	180.0	180.4	181.7
	MCX Aluminium Oct	262.4	264.6	265.3	266.4	267.4	268.1	270.3
	MCX Nickel Nov	1304.1	1314.6	1317.8	1323.1	1328.4	1331.6	1342.1
	MCX Crude Oil Nov	5193	5298	5331	5383	5435	5468	5573
	MCX Natural Gas Oct	269.82	280.92	284.35	289.90	295.45	298.88	309.98
	MCX Electricity Oct	2636.10	2691.88	2709.11	2737.00	2764.89	2782.12	2837.90

Source: Bloomberg, KS Commodity Research

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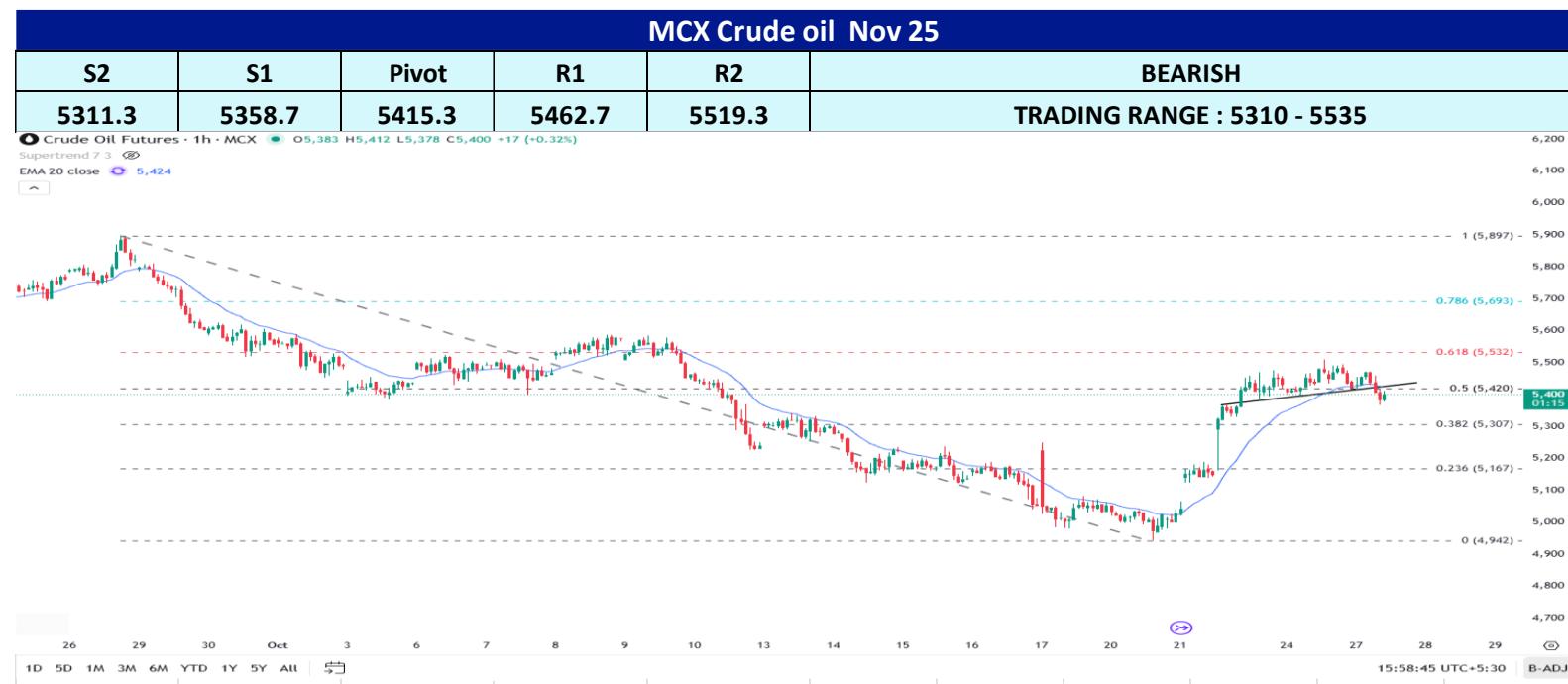


Chart Source: Trading view

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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