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Gold poised for weekly advance toward record levels on rate cut expectations, Crude Oil struggles with supply glut and geopolitics

Spot gold hovered around $3,410 per ounce on Friday, holding near a one-month high and heading for a second straight weekly gain, supported by a softer US dollar and safe-haven demand. Prices remain underpinned by investor caution amid uncertainty over US monetary policy, with growing concerns that political pressure on the Federal Reserve could hasten rate cuts. Market expectations are firmly aligned with a 25 bps reduction in September. Fed Governor Christopher Waller reinforced this outlook, noting he “fully expects” cuts to begin next month, in line with other officials’ views of moving policy closer to neutral. Attention now shifts to the US personal consumption report, expected to show faster inflation, after revised Q2 GDP indicated stronger growth. For August, gold is set to record its best monthly performance since April, due to firm safe-haven flows.

WTI Crude Oil is set to end August with losses, pressured by concerns over a potential supply glut and geopolitical uncertainties. Prices slipped toward $64 per barrel, marking the first monthly decline since April. The International Energy Agency has warned of a record surplus in the coming quarters as OPEC+ restores idled capacity, raising fears of swelling inventories against fragile demand. Geopolitics remain in focus, with US-led efforts to end the Ukraine war facing setbacks after Moscow launched fresh drone and missile strikes on Kyiv, killing 18. Washington responded by imposing a 50% levy on most Indian imports in retaliation for its purchases of Russian crude. While President Trump has threatened “very big consequences” if Moscow avoids negotiations, Germany noted a meeting between Presidents Putin and Zelensky remains unlikely, adding to uncertainty in global crude markets.

LME base metals traded higher, with copper leading the pack at $9,898/ton, while on the MCX, zinc outperformed, gaining over 1% as copper hovered just below ₹900/kg. Sentiment was buoyed by expectations of stronger demand from the clean energy transition and signs of economic resilience in both the US and China. Copper, in particular, has been under the spotlight as Chinese smelters, backed by their own mines, posted record output in the first half despite a global ore shortage that has squeezed overseas rivals. However, risks remain, with Beijing’s efforts to rein in excess production and deeply negative treatment charges weighing on profitability. Meanwhile, aluminium prices have found support from Beijing’s cap on smelting capacity and high energy costs outside China, which continue to limit new supply additions.

NYMEX natural gas futures extended gains to trade near $2.978/mmbtu on Friday, reaching a 2-week high after the EIA reported a smaller-than-expected inventory build. Stockpiles rose by +18 bcf for the week ended August 22, well below consensus of +27 bcf and the 5-year average of +38 bcf, lending bullish support. Weather forecasts also added strength, with early-autumn coolness expected across the eastern U.S. while the West faces above-normal heat in early September. On the supply side, lower-48 dry gas production stood at 107.1 bcf/day (+3.1% y/y), while demand was 72.4 bcf/day (-15.2% y/y). LNG exports remained firm at 15.4 bcf/day. Despite inventories being 5% above the 5-year average, tighter-than-expected injections supported market sentiment.

Date	IST	Currency		Forecast	Previous
29-Aug-2025	18:00	USD	Core PCE Price Index m/m	0.3%	0.3%
	19:15	USD	Chicago PMI	46.6	47.1
	18:00	USD	Revised UoM Consumer Sentiment	58.7	58.6
	19:30	USD	Revised UoM Inflation Expectations		4.9%

Source: Forexfactory

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	3364.6	3387.8	3395.0	3406.7	3418.3	3425.5	3448.7
	MCX Gold Oct	101658	102262	102448	102750	103052	103238	103842
	Spot Silver	38.02	38.49	38.63	38.87	39.10	39.24	39.71
	MCX Silver Sep	115441	116634	117003	117600	118197	118566	119759
	MCX Copper Sep	889.7	895.6	897.4	900.4	903.3	905.1	911.0
	MCX Zinc Sep	266.6	269.1	269.8	271.1	272.3	273.0	275.5
	MCX Lead Sep	180.1	180.9	181.1	181.5	181.8	182.0	182.8
	MCX Aluminium Sep	251.4	253.3	253.9	254.8	255.7	256.3	258.2
	MCX Crude Oil Sep	5544	5619	5642	5679	5716	5739	5814
	MCX Natural Gas Sep	251.28	258.14	260.27	263.70	267.13	269.26	276.12

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

MCX Silver Sep 25					
S2	S1	Pivot	R1	R2	BULLISH
116450.0	117025.0	117425.0	118000.0	118400.0	TRADING RANGE : 116800 - 118650

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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