

Riteshkumar Sahu, Saish Sawant Dessai, Abhijit Chavan
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Gold extends losses on easing geopolitical risk premium, while crude oil gains amid Hormuz uncertainty and supply disruption concerns

Spot Gold and silver opened the week under pressure, with gold slipping below \$4,550 and silver falling under \$73, reversing recent gains in thin trading conditions. The pullback comes amid escalating geopolitical tensions in West Asia, where renewed disruptions in the Strait of Hormuz and direct threats from Iran have heightened energy market instability. Reports of tanker attacks shortly after US plans to secure maritime transit underscore the fragility of the situation. The conflict, now in its tenth week, has driven oil prices higher, intensifying inflation risks and complicating the US monetary policy outlook. Federal Reserve officials have signaled reduced scope for rate cuts, with the potential for tighter policy if energy-driven inflation persists—an environment that remains unfavorable for non-yielding assets. Despite this, central bank gold demand remains a supportive pillar, with Q1 reserve accumulation indicating sustained institutional interest. Near term, bullion faces a clear tug-of-war: geopolitical risk and central bank buying offer support, while elevated inflation and a hawkish rate trajectory act as headwinds. Direction will hinge on energy price dynamics and clarity on policy expectations.

WTI crude oil prices rose around 1% on Monday, reversing earlier losses to trade above \$102 per barrel, supported by escalating geopolitical risks in the Strait of Hormuz. The rebound followed reports of a tanker struck by projectiles near Fujairah, underscoring rising threats to critical energy transit routes. Despite US plans under “Project Freedom” to secure safe passage for non-aligned vessels, Iran’s warning against unauthorized movement and threats toward US forces signal elevated supply disruption risks. Fundamentally, the absence of a US–Iran peace deal continues to anchor risk premiums, even as diplomatic channels remain open with Tehran reviewing Washington’s latest proposal. Meanwhile, OPEC+ announced a 188,000 bpd output increase for June, marking a third consecutive hike; however, these additions are unlikely to translate into effective supply amid ongoing disruptions in Gulf flows. On balance, the market remains tightly supported by geopolitical uncertainty and constrained physical flows, while any tangible diplomatic breakthrough or restoration of shipping routes could quickly ease supply concerns and pressure prices.

LME base metals traded cautiously on Monday, with most contracts slipping modestly as Iran uncertainty and elevated energy costs continued to weigh on industrial demand outlook. The conflict has been priced primarily as a macroeconomic shock across the complex, higher energy costs, persistent inflation concerns, and weaker near-term demand expectations, rather than a widespread supply outage. Copper eased 0.36% to \$12,949.50/t, slipping back below the \$13,000 level it had held last week, when Chinese metal fabricators restocked ahead of the country's week-long Labour Day holiday. Also, the ICSG recently revised its 2026 market balance from a deficit of around 150,000 tonnes to a surplus of approximately 96,000 tonnes, as China's refined output growth and elevated warehouse stocks offset mine supply constraints. Aluminium slipped 0.51% to below \$3,500/t, remaining under pressure despite ongoing supply risks while Zinc and nickel were broadly unchanged. Beijing's directive ordering Chinese companies to disregard US sanctions on Iranian oil trade refiners, a marked departure from its previous practice of quiet compliance, threatens to draw Chinese banks into direct conflict with Washington, adding a fresh layer of uncertainty to an already fragile demand outlook.

US natural gas futures climbed to \$2.84/MMBtu, a near four-week high, supported by tightening supply dynamics. Storage injection stood at 79 Bcf, below both the prior week and last year, while production declined by 2 bcfd to a 12-week low as producers curtailed output. LNG feedgas demand remained robust, hitting 18.8 bcfd and setting fresh records. Despite this, April prices fell 4.1% due to comfortable inventories and mild weather. Near term, supply discipline and strong LNG flows are supportive, but high storage levels and weather-driven demand uncertainty cap upside.

Date	IST	Currency		Forecast	Previous
04-May-2026	19:30	USD	Factory Orders m/m	0.5%	0.0%

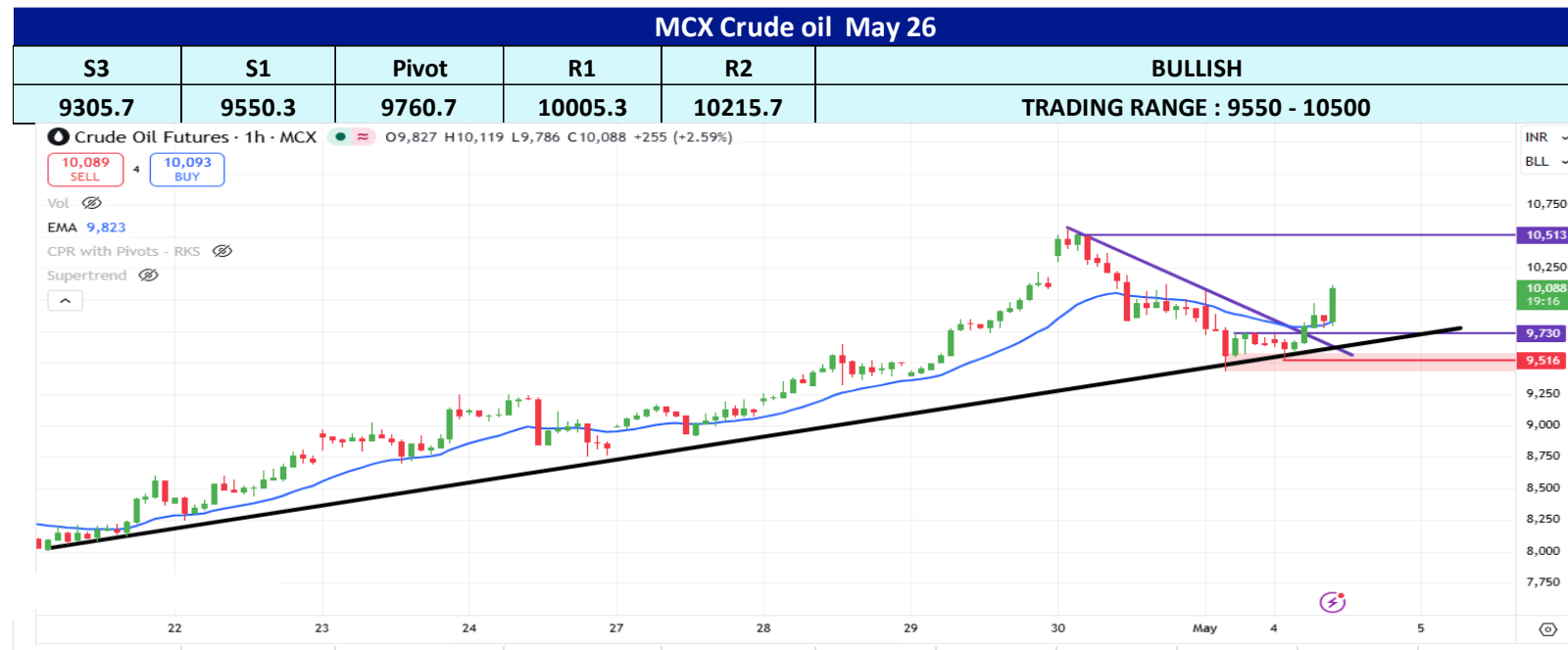
Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4447.9	4519.8	4542.0	4577.9	4613.9	4636.1	4707.9
	MCX Gold Jun	147081	148910	149475	150389	151303	151868	153697
	Spot Silver	70.22	72.56	73.28	74.45	75.62	76.35	78.69
	MCX Silver Jul	236889	242921	244784	247800	250816	252679	258711
	MCX Copper May	1258.7	1270.6	1274.3	1280.3	1286.3	1290.0	1301.9
	MCX Zinc May	336.2	339.8	340.9	342.8	344.6	345.7	349.3
	MCX Lead May	197.8	198.7	199.0	199.4	199.8	200.1	201.0
	MCX Aluminium May	362.8	367.1	368.5	370.7	372.8	374.2	378.5
	MCX Crude Oil May	8975	9428	9568	9795	10022	10162	10615
	MCX Natural Gas May	257.72	264.84	267.04	270.60	274.16	276.36	283.48

Source: Bloomberg, Kotak Neo Commodity Research

Please See Disclosure/Disclaimer at end of the report



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

FUNDAMENTAL RESEARCH TEAM

Anindya Banerjee	Head of Research
Kaynat Chainwala	AVP, Commodity Research
Riteshkumar Sahu	Bullion, Agri-Complex
Saish Sawant Dessai	Base Metals

TECHNICAL RESEARCH TEAM

Abhijit Chavan	Jimesh Chauhan	Durgesh Ugawekar	Nikesh Kumar	Gyan Singh
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