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Gold slips on rising inflation fears while crude oil rallies sharply as Trump rejects Iran's peace proposal and Hormuz disruption risks persist.

Spot gold declined more than 1% on Monday to trade below $4,670 per ounce, while silver held firm above $80, as fading optimism around U.S.–Iran peace negotiations pushed crude oil prices sharply higher and strengthened the U.S. dollar. Trump rejected Iran's latest response to a proposed peace framework, reviving fears of prolonged disruptions in the Strait of Hormuz and broader energy inflation risks. The renewed rise in oil prices intensified concerns that inflation could remain elevated, reinforcing expectations that the Fed may keep interest rates higher for longer. Goldman Sachs delayed its Fed rate-cut outlook to late 2026 and early 2027, further pressuring non-yielding assets like gold. Markets are now closely watching upcoming U.S. CPI data for fresh policy direction clues. Meanwhile, China's first-quarter gold production fell 3.3% y/y due to safety-related smelter shutdowns, while investment demand remained exceptionally strong. Gold bar and coin consumption surged 46.4%, highlighting persistent safe-haven and wealth-preservation demand. Fundamentally, geopolitical tensions, constrained supply, and resilient investment buying remain supportive for bullion, though elevated oil-driven inflation and tighter monetary expectations could continue generating near-term volatility across precious metals markets.

WTI crude oil prices traded over 2% higher near $97.50 per barrel after briefly crossing the $100 mark during early trade, supported by escalating geopolitical tensions and persistent supply disruptions linked to the Strait of Hormuz. Market sentiment strengthened after President Donald Trump rejected Iran's latest response to a U.S. peace proposal, raising concerns that Gulf supply disruptions may continue for longer than anticipated. The ongoing closure of Hormuz has severely tightened global oil flows, with Saudi Aramco estimating nearly 1 billion barrels of supply losses over the past two months. Shipping risks also remain elevated as tanker operators increasingly adopt unconventional routing and tracking shutdowns to avoid regional attacks. However, higher crude prices have begun weighing on Asian demand, particularly from China, while refiners continue diversifying purchases toward Central Asia and Atlantic Basin suppliers. Fundamentally, constrained supply and falling inventories remain supportive, though diplomatic progress and weaker demand could temporarily ease volatility.

LME base metals trading mixed, with copper easing 0.2% to $13,550/ton and aluminium slipping 0.1% to $3,500/ton, while lead gained 0.1% to $1,980/ton and zinc remained largely flat. Despite ongoing US-Iran tensions, metals stayed resilient as investors focused on tightening supply conditions and declining Chinese inventories. Today, Copper briefly touched $13,643/ton, near record highs, supported by persistent physical tightness and robust risk sentiment across broader markets. China's April producer inflation accelerated sharply to 2.8% y/y, the fastest pace since 2022, signaling rising industrial cost pressures driven by energy disruptions. However, elevated Shanghai Futures Exchange net-short positions in copper and aluminium indicate growing caution over stretched valuations and slowing downstream demand. Fundamentally, tight inventories and supply constraints remain supportive, though rising speculative shorts and weakening Chinese consumption trends could trigger heightened volatility near current levels.

US natural gas futures climbed toward $2.80/MMBtu, supported by declining Lower-48 production and tighter-than-expected storage data. Major producers, including EQT, continued curtailing output amid weak spot prices, while the EIA reported a 63 bcf storage injection, well below market expectations and historical averages. Inventory surplus narrowed to nearly 6% above seasonal norms as production softness and improving weather-driven demand balanced earlier strong injections. Near-normal temperatures through late May are expected to gradually lift cooling demand, though seasonal LNG maintenance has temporarily reduced export flows. Fundamentally, tightening supply dynamics remain supportive, but softer LNG demand and moderate weather could limit aggressive upside momentum near term.

Date	IST	Currency		Forecast	Previous
11-May-2026			No Major data		

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4527.0	4599.7	4622.2	4658.5	4694.9	4717.3	4790.1
	MCX Gold Jun	148776	150561	151113	152005	152897	153449	155234
	Spot Silver	75.03	77.87	78.75	80.18	81.60	82.48	85.33
	MCX Silver Jul	251727	257765	259630	262649	265668	267533	273571
	MCX Copper May	1313.6	1327.0	1331.1	1337.8	1344.5	1348.6	1362.0
	MCX Zinc May	345.3	348.2	349.1	350.6	352.0	352.9	355.8
	MCX Lead May	199.5	200.4	200.7	201.2	201.7	202.0	202.9
	MCX Aluminium May	366.0	370.3	371.7	373.9	376.0	377.4	381.7
	MCX Crude Oil May	8430	8909	9057	9296	9535	9683	10162
	MCX Natural Gas May	253.07	260.82	263.22	267.10	270.98	273.38	281.13

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

MCX Crude oil May 26					
S3	**S1**	**Pivot**	**R1**	**R2**	**MILD BULLISH**
9028.0	**9162.0**	**9362.0**	**9496.0**	**9696.0**	**TRADING RANGE : 9160 - 9560**

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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