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Gold eases on firmer dollar ahead of US inflation data, while crude oil holds firm amid persistent West Asia geopolitical tensions

Spot gold retreated from a three-week high to trade near $4,700 per ounce, while spot silver slipped below $85, pressured by a firmer U.S. dollar and rising Treasury yields. Market sentiment turned cautious after U.S. President Donald Trump said the Iran ceasefire was "on life support," following Tehran's rejection of Washington's latest peace proposal, keeping geopolitical tensions elevated and crude oil prices firm. Higher energy prices lifted inflation concerns and pushed benchmark 10-year U.S. Treasury yields to a one-week high ahead of the closely watched U.S. CPI data. The stronger dollar also reduced the appeal of dollar-denominated precious metals. Markets are increasingly scaling back expectations for Federal Reserve rate cuts, with traders now pricing in growing odds of prolonged higher rates. Going forward, persistent geopolitical risks and inflation uncertainty remain supportive for bullion, while elevated bond yields, stronger dollar momentum, and hawkish Fed expectations continue to cap upside potential in the near term.

Brent crude oil extended gains as it jumps above $107/barrel, while WTI crude hovered close to $101, as escalating US-Iran tensions renewed concerns over prolonged supply disruptions. Market sentiment turned sharply bullish after Trump cast doubt on the Iran ceasefire, calling it "on massive life support" following Tehran's rejection of the latest US peace proposal. The continuing disruption in the Strait of Hormuz — a critical global energy corridor — has significantly tightened crude and fuel supplies, keeping inflation fears elevated. Iran's demands for sanctions relief and partial control over shipping access further complicated negotiations. Meanwhile, reports of possible renewed US military action and discussions around naval escorts for tankers have added to geopolitical risk premiums. On the positive side, persistent supply disruptions and restricted shipping flows continue to support oil prices. However, emergency crude releases by the US and growing political pressure from rising fuel costs may limit excessive upside. The near-term outlook remains firmly bullish unless meaningful progress emerges in Hormuz negotiations and shipping activity normalizes.

Base metals traded mostly steady on Tuesday after Monday's sharp rally, as markets balanced tight supply conditions, resilient Chinese demand, and uncertainty surrounding US–Iran negotiations. Copper gained 0.2% to $13,969 per tonne after recording a fresh all-time closing high in the previous session and is now up nearly 12% since end-2025. The rally continues to be supported by falling inventories in China and persistent global supply tightness. However, stress is emerging in China's physical market, where reports indicate more than half of spot copper transactions are facing delays or defaults, especially among smaller traders. Zinc and lead edged higher, while aluminium slipped 0.4% and nickel declined 1.7%. Despite recent weakness, aluminium fundamentals remain constructive due to ongoing supply disruptions and robust demand from electric vehicles and data centre sectors. Overall, supply-side constraints continue to provide broad support to the base metals complex.

US natural gas climbed to $2.92/MMBtu, six weeks, supported by tightening supply conditions and improving LNG export activity. Production across the Lower 48 states has declined in recent weeks as major producers, including EQT, curtailed output amid weak spot prices. Additional support emerged after a liquefaction train at Freeport LNG's Texas export facility resumed operations following a temporary compressor-related outage. LNG exports continue to underpin prices despite some moderation in flows due to seasonal maintenance. However, near-normal temperature forecasts through May 26 may limit aggressive upside as cooling demand gradually replaces late-season heating needs. Fundamentally, reduced output and resilient LNG demand remain constructive, though weather-driven demand risks could cap near-term gains.

Date	IST	Currency		Forecast	Previous
12-May-2026	18:00	USD	Core CPI m/m	0.3%	0.2%
	18:00	USD	CPI m/m	0.6%	0.9%
	18:00	USD	CPI y/y	3.7%	3.3%

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4562.8	4638.1	4661.3	4698.9	4736.5	4759.8	4835.0
	MCX Gold Jun	150580	152211	152715	153530	154345	154849	156480
	Spot Silver	77.84	81.20	82.24	83.93	85.61	86.65	90.02
	MCX Silver Jul	262110	269958	272382	276306	280230	282654	290502
	MCX Copper May	1348.3	1365.9	1371.3	1380.1	1388.8	1394.2	1411.8
	MCX Zinc May	352.4	356.1	357.3	359.1	360.9	362.1	365.8
	MCX Lead May	201.0	202.2	202.5	203.2	203.8	204.1	205.3
	MCX Aluminium May	368.8	373.2	374.5	376.7	378.9	380.2	384.6
	MCX Crude Oil May	8890	9332	9468	9689	9910	10046	10488
	MCX Natural Gas May	265.36	273.18	275.59	279.50	283.41	285.82	293.64

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

MCX Gold Jun 26					
S3	S1	Pivot	R1	R2	MILD BULLISH
152369.3	152949.7	153596.3	154176.7	154823.3	TRADING RANGE : 153000 - 154400

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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