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Bullion remains defensive as Crude Oil gains momentum amid West Asia conflict, inflation fears and tightening global energy supply concerns

Spot gold is trading sideways above \$4,540/Oz after recovering from recent lows near \$4,480, while silver remains slightly weaker near \$75.7. Precious metals continue to face pressure from rising global bond yields and persistent dollar strength as inflation fears intensify following renewed tensions between the US and Iran. Concerns over delays in reopening the Strait of Hormuz and a drone attack on a UAE nuclear facility have reinforced fears of prolonged energy disruptions and elevated oil prices. Bond markets globally remain under pressure as traders increasingly price in the possibility of tighter monetary policy if war-driven inflation persists. At the same time, weak investment inflows into bullion and stricter import policies in India, including tighter silver import rules, are limiting physical demand. Markets are now closely watching the upcoming US Fed meeting minutes for clarity on future interest rate direction. Fundamentally, escalating geopolitical risks and continued central bank buying remain supportive for bullion, but elevated yields, strong dollar momentum and rising rate hike expectations continue capping upside potential in the near term.

WTI crude oil extended gains for a third consecutive session, rising 1% to trade near \$102 per barrel as escalating geopolitical tensions in West Asia continued fueling supply concerns. Prices have now surged more than 50% since the US and Israel launched attacks on Iran in late February, with restricted flows through the Strait of Hormuz tightening global crude availability. Market sentiment remained supported after Trump intensified pressure on Iran to accept a ceasefire agreement and reopen the key shipping corridor. Concerns over prolonged disruption deepened further after drone attacks targeted energy infrastructure in the Persian Gulf, including a UAE nuclear facility, highlighting ongoing regional instability. Additional supply pressure emerged after the US allowed waivers for Russian crude sales to expire despite requests from India for an extension. Fundamentally, crude remains strongly supported as long as Hormuz disruptions persist and geopolitical negotiations remain stalled. However, any breakthrough in US-Iran talks, easing regional tensions or restoration of normal shipping flows could trigger sharp profit-booking. Near-term sentiment continues favoring elevated volatility with a firm risk premium embedded across global energy markets.

LME base metals remained under pressure, as copper slipping below \$14,450/ton as markets continued repricing Fed expectations amid escalating geopolitical tensions and persistent inflation risks. The metals complex traded largely flat as traders balanced supply-side concerns against deteriorating demand signals from China. China's latest economic data reinforced concerns over slowing industrial activity, with April retail sales rising just 0.2% y/y, industrial production slowing to 4.1%, and fixed asset investment contracting 1.6% during Jan-Apr, all missing market expectations. The weak data highlighted mounting pressure on the world's largest metals consumer amid rising energy costs and soft domestic demand. Meanwhile, geopolitical risks remained elevated after Trump renewed pressure on Iran, keeping uncertainty around Strait of Hormuz flows and global energy supplies firmly intact. Going forward, Persistent energy disruptions and inflationary pressures continue supporting higher production costs and supply tightness across metals, while weaker Chinese demand, dollar strength and tighter monetary policy expectations may cap near-term upside momentum.

US natural gas futures surged over 3% to around \$3.03 per MMBtu, hitting a seven-week high as tightening supply conditions outweighed soft near-term weather demand expectations. The EIA reported an 85 bcf storage injection for the week ended May 8, largely in line with estimates and below last year's 109 bcf build, indicating improving market balance. Production continued declining, with daily output slipping to a 15-week low as producers including EQT curtailed activity amid weak spot prices. However, LNG export flows eased due to seasonal maintenance at major facilities, while normal late-May weather may cap cooling demand. Fundamentally, falling production remains supportive, though softer LNG flows and moderate weather could limit aggressive upside momentum near term.

Date	IST	Currency		Forecast	Previous
18-May-2026	19:30	USD	NAHB Housing Market Index	34	34

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4402.8	4479.3	4502.9	4541.1	4579.3	4602.9	4679.4
	MCX Gold Jun	154494	156970	157734	158972	160210	160974	163450
	Spot Silver	69.19	72.87	74.01	75.85	77.69	78.83	82.51
	MCX Silver Jul	253333	263946	267224	272530	277836	281114	291727
	MCX Copper May	1300.9	1320.9	1327.1	1337.1	1347.0	1353.2	1373.2
	MCX Zinc May	357.6	362.5	364.0	366.5	369.0	370.5	375.4
	MCX Lead May	200.3	201.6	202.1	202.8	203.4	203.9	205.2
	MCX Aluminium May	372.0	377.2	378.7	381.3	383.9	385.4	390.6
	MCX Crude Oil May	9599	9948	10056	10230	10404	10512	10861
	MCX Natural Gas May	279.37	287.68	290.25	294.40	298.55	301.12	309.43

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

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