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May 19, 2026
Gold trades rangebound while Crude oil retreats on Iran diplomacy hopes, keeping markets focused on inflation and Fed rate outlook

Gold slipped below \$4,550 an ounce on Tuesday, while silver dropped more than 2% below \$76 an ounce, surrendering part of the previous session’s recovery as investors turned cautious amid persistent geopolitical and inflation risks. Sentiment remained fragile after Trump signaled possible progress toward a peace agreement with Iran, though markets largely doubted that a near-term resolution to the West Asia conflict was achievable. Bullion prices have remained under pressure as elevated crude oil prices continue to fuel global inflation concerns, strengthening expectations that major central banks may keep interest rates higher for longer. Stronger-than-expected US inflation data has further reduced expectations for Federal Reserve rate cuts this year, while speculation surrounding a possible additional rate hike before year-end has also intensified. Going forward, the market focus will remain on the upcoming FOMC minutes and flash US PMI data. Any signs of persistent inflation, firm economic activity, or hawkish Fed commentary could cap upside in bullion, while renewed geopolitical escalation or weaker economic data may revive safe-haven buying support.

WTI crude oil slipped below \$103/barrel on Tuesday, easing after a strong multi-session rally as geopolitical risk premiums moderated slightly. Prices came under pressure after Trump said he had called off a planned military strike on Iran following appeals from Saudi Arabia, Qatar, and the UAE, raising hopes that diplomatic negotiations could resume. However, underlying market sentiment remains highly sensitive as Iran has yet to confirm any breakthrough in talks. Crude had rallied sharply over the past week amid stalled US-Iran negotiations and continued disruptions in shipping activity through the Strait of Hormuz, a critical global energy transit route. Concerns surrounding Iran’s nuclear program and the ongoing blockade continue to support elevated risk premiums in oil markets. Meanwhile, the US also issued a temporary waiver permitting sales of Russian crude already loaded onto tankers, offering limited near-term supply relief. Going forward, any diplomatic progress could trigger profit booking, but unresolved Hormuz disruptions and persistent geopolitical tensions are likely to keep crude prices volatile and fundamentally supported in the near term.

LME base metals traded mixed, with nickel outperforming and surging over 2% above \$19,000/tonne after reports suggested 10–15% of high-grade nickel pig iron capacity at Indonesia’s Weda Bay Industrial Park could undergo rotational maintenance in coming months, tightening near-term supply expectations. Meanwhile, copper and lead declined over 0.5%, pressured by persistent inflation concerns, elevated oil prices, and weaker-than-expected Chinese economic data, including softer investment, retail sales, and industrial output. Rising US-Iran tensions continue to fuel fears of prolonged inflation and tighter global monetary policy, weighing on industrial demand sentiment. Aluminium and zinc remained firm, supported by West Asia supply risks and elevated energy costs impacting smelting operations. While lead inventories have tightened, cautious downstream battery demand is limiting upside momentum. Near term, supply-side disruptions may continue supporting aluminium, zinc, and nickel, though macroeconomic uncertainty and slowing Chinese demand could keep broader base metal sentiment volatile and range-bound.

US natural gas climbed nearly 1% to \$3.06/MMBtu, supported by hotter weather forecasts and declining domestic production. Elevated temperatures across the southern and eastern US are expected to boost cooling demand from power utilities, tightening near-term consumption trends. On the supply side, lower output from producers such as EQT, driven by weak spot prices, has further supported the market. However, LNG export flows have moderated from April’s record levels due to seasonal maintenance at key facilities including Golden Pass and Freeport LNG. Meanwhile, the expected return of US LNG shipments to China signals improving export demand sentiment. Near term, weather-driven demand and tighter production remain bullish, though softer LNG feedgas flows may temporarily cap upside momentum.

Date	IST	Currency		Forecast	Previous
19-May-2026	17:45	USD	ADP Weekly Employment Change		33K
	19:30	USD	Pending Home Sales m/m	1.0%	1.5%

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4405.7	4479.1	4501.8	4538.5	4575.1	4597.8	4671.2
	MCX Gold Jun	155756	158005	158700	159825	160950	161645	163894
	Spot Silver	69.24	72.87	73.99	75.81	77.63	78.75	82.38
	MCX Silver Jul	255520	265435	268498	273456	278414	281477	291392
	MCX Copper May	1308.4	1327.5	1333.4	1343.0	1352.6	1358.5	1377.6
	MCX Zinc May	358.5	363.2	364.7	367.0	369.3	370.8	375.5
	MCX Lead May	200.3	201.6	202.0	202.6	203.2	203.6	204.9
	MCX Aluminium May	375.4	380.4	381.9	384.4	386.9	388.4	393.4
	MCX Crude Oil Jun	9443	9743	9836	9986	10136	10229	10529
	MCX Natural Gas May	280.96	288.83	291.26	295.20	299.14	301.57	309.44

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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