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Gold holds near key support as bond yields cool, while Crude oil extends losses on hopes of a possible US-Iran agreement

Spot gold steadied near a one-and-a-half-month low on Wednesday, rebounding from the \$4,450 level to trade above \$4,480 per ounce, while spot silver gained nearly 2% to trade around \$75.5. Precious metals found some support after the recent bond market selloff eased, though elevated Treasury yields and a firm U.S. dollar continued to cap upside momentum. The dollar index remained near a six-week high, while benchmark 10-year Treasury yields stayed at more-than-one-year highs, increasing the opportunity cost of holding non-yielding bullion. Markets also remained focused on the ongoing U.S.-Iran conflict and delays in reopening the Strait of Hormuz, which continue to fuel inflation concerns and expectations of tighter monetary policy globally. Fed officials maintained a cautious stance on rates, while investors awaited the FOMC minutes for further policy guidance. Near-term downside pressure may persist if yields and the dollar remain elevated, but geopolitical risks, sticky inflation, and energy market disruptions should continue to provide a strong underlying floor for bullion prices.

WTI crude oil down 1.7% today to trade near \$102.3/barrel, extending losses for 2nd straight session as hopes of a possible US-Iran agreement eased some geopolitical risk premium. Trump stated that the conflict could end quickly, though he warned of renewed military action if negotiations collapse. Iran, meanwhile, threatened broader escalation if attacks resume, keeping uncertainty elevated across energy markets. Despite the pullback, supply concerns remain firmly in place as disruptions in the Strait of Hormuz continue to restrict tanker movement well below normal levels. The narrowing Brent backwardation premium also suggests easing near-term supply tightness compared to last month's panic-driven highs. Supporting prices, US crude inventories are expected to post another sharp weekly decline, signalling tight physical balances and resilient demand. Near-term direction will remain highly sensitive to geopolitical headlines, Strait of Hormuz shipping flows, and US inventory data. Any diplomatic breakthrough may pressure prices further, while renewed supply disruptions could quickly revive bullish momentum across the crude complex.

Base metals traded mixed, with copper declining over 1% toward \$13,400/ton, while nickel outperformed on renewed supply concerns. Copper faced pressure from a stronger US dollar and rising Treasury yields, as persistent inflation risks linked to the Iran conflict reinforced expectations of tighter monetary conditions. Elevated yields also encouraged profit-taking following copper's recent rally. Nickel, however, remained supported after Indonesia proposed tighter state control over commodity exports, raising concerns over potential disruptions to processed nickel supply. Overall, the complex remains increasingly macro-driven, with higher yields and geopolitical uncertainty weighing on demand-sensitive metals, while supply-side risks continue to support select commodities such as nickel.

US natural gas futures slipped more than 1% to \$3.08 per MMBtu but continued to hover near a two-month high, supported by expectations of stronger cooling demand and declining domestic output. Weather forecasts indicate above-normal temperatures across the southern and eastern US through midweek, likely increasing gas consumption from power utilities. On the supply side, production remains under pressure as producers, including EQT, continue output curtailments amid weak spot prices. However, gains were capped by lower LNG feedgas flows, which eased to around 17 bcf/d in May due to seasonal maintenance at key export terminals. Near-term sentiment remains cautiously bullish on tighter supply and weather demand, though softer LNG exports could limit aggressive upside momentum.

Date	IST	Currency		Forecast	Previous
20-May-2026	20:00	USD	Crude Oil Inventories	-2.5M	-4.3M
	11:30	USD	FOMC Meeting Minutes		

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4350.3	4425.6	4448.8	4486.4	4524.1	4547.3	4622.5
	MCX Gold Jun	154763	157043	157747	158887	160027	160731	163011
	Spot Silver	69.05	72.64	73.75	75.54	77.33	78.44	82.03
	MCX Silver Jul	254807	264554	267565	272438	277311	280322	290069
	MCX Copper May	1310.2	1328.0	1333.6	1342.5	1351.4	1357.0	1374.8
	MCX Zinc May	360.9	365.5	366.9	369.2	371.5	372.9	377.5
	MCX Lead May	199.8	201.0	201.4	202.0	202.6	203.0	204.2
	MCX Aluminium May	377.0	381.7	383.1	385.5	387.8	389.2	393.9
	MCX Crude Oil Jun	9425	9717	9807	9953	10099	10189	10481
	MCX Natural Gas May	284.32	291.83	294.15	297.90	301.65	303.97	311.48

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

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