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Markets Stabilize as US–Iran Deal Hopes Ease Inflation Fears

Spot gold traded above \$4,525/oz, extending gains from the previous session as improving optimism around a potential US–Iran peace agreement eased concerns over prolonged inflationary pressures and aggressive monetary tightening. Sentiment improved after President Trump indicated that negotiations with Iran were in their final stages, raising expectations of a possible reopening of the Strait of Hormuz and normalization of energy flows. The resulting decline in oil prices helped moderate inflation expectations and reduced pressure on central banks to tighten policy further. However, the broader monetary backdrop remains cautious, with recent Fed minutes indicating policymakers still see scope for another rate hike if inflation remains above target. Overall, gold continues to balance easing geopolitical risk premium against lingering uncertainty around the US interest-rate outlook.

WTI crude traded near \$97.50/bbl, extending the weakness to two sessions, as markets cautiously assessed prospects of a potential US–Iran agreement that could eventually reopen the Strait of Hormuz. Despite the pullback, sentiment remains fragile amid conflicting signals from both sides, with Tehran reviewing the latest US proposal while simultaneously tightening administrative control over shipping in the Strait. Crude prices continue to hold well above pre-conflict levels, reflecting persistent supply tightness and ongoing geopolitical risk premium. Additional support stems from tightening US fundamentals, with continued inventory drawdowns and a record release from the Strategic Petroleum Reserve highlighting efforts to stabilize domestic supply conditions. Overall, the market remains highly headline-driven, with volatility tied closely to developments surrounding Middle East diplomacy and shipping flows.

Base metals trades on a mixed note, with copper down nearly 1 percent, after rallying 2% in the previous session. Sentiment improved on renewed optimism surrounding a potential US–Iran agreement, with expectations of a reopening of the Strait of Hormuz easing energy-driven inflation concerns and reducing pressure for further monetary tightening. Copper also found support from stronger risk appetite across technology markets, particularly amid continued momentum in AI-linked infrastructure demand. On the supply side, Codelco’s focus on operational integration and cost reductions highlights ongoing challenges around stagnant mine output and rising industry costs. Nickel sentiment remained mixed, as concerns over tighter Indonesian export controls were offset by elevated exchange inventories, limiting the sustainability of recent gains.

US natural gas rebounded toward \$3.02/MMBtu after the sharp decline in the previous session, although the broader demand outlook remains tempered by forecasts for milder temperatures across key consuming regions through the Memorial Day weekend. Cooling demand expectations come after an earlier heatwave had briefly lifted consumption trends. On the supply side, LNG feedgas flows have moderated from April’s record highs due to seasonal maintenance at major export facilities, including Golden Pass and Freeport LNG, limiting near-term export demand support. Market focus now shifts to the latest storage data, with expectations centered around a broadly seasonal inventory build. Meanwhile, the scheduled resumption of US LNG cargoes to China in June could signal gradual improvement in international demand flows after a prolonged pause in shipments.

Date	IST	Currency		Forecast	Previous
21-May-2026	18:00	USD	Philly Fed Manufacturing Index	17.6	26.7
	18:00	USD	Unemployment Claims	210K	211K
	19:15	USD	Flash Manufacturing PMI	53.8	54.5
	20:00	USD	Natural Gas Storage	96B	85B

Source: Forexfactory

Evening Track

	Commodity	Support 3	Support 2	Support 1	LTP	Resistance 1	Resistance 2	Resistance 3
Commodities	Spot Gold	4398.2	4472.8	4495.9	4533.2	4570.6	4593.6	4668.3
	MCX Gold Jun	155857	157848	158463	159458	160453	161068	163059
	Spot Silver	69.33	72.69	73.73	75.42	77.10	78.14	81.50
	MCX Silver Jul	255284	264276	267054	271550	276046	278824	287816
	MCX Copper May	1310.0	1327.8	1333.4	1342.3	1351.2	1356.8	1374.6
	MCX Zinc May	362.1	366.6	367.9	370.2	372.5	373.8	378.3
	MCX Lead May	200.7	202.0	202.4	203.0	203.6	204.0	205.3
	MCX Aluminium May	380.0	384.9	386.4	388.8	391.2	392.7	397.6
	MCX Crude Oil Jun	8813	9143	9245	9410	9575	9677	10007
	MCX Natural Gas May	275.44	283.27	285.69	289.60	293.51	295.93	303.76

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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