



Gold

Gold prices posted a strong performance in July, gaining 5% after a volatile few months and a 1% decline in the previous month. The month saw gold reaching new highs, peaking at \$2,483.60, fueled by optimism around a potential September rate cut by the U.S. Federal Reserve. This anticipation was bolstered by softening U.S. labor market data and a disinflation trend, which weakened the dollar and made gold more attractive to foreign investors. Despite some profit-taking that caused minor dips, gold remained resilient, driven by geopolitical uncertainties and central bank demand. However, reduced net gold imports in China and India's import duty cuts on gold and silver introduced some downside pressure. Overall, the month ended with gold maintaining strong momentum, supported by the increasing likelihood of rate cuts and a weakening dollar.

We expect spot gold prices and MCX Gold prices to trade lower towards \$2215/oz and Rs.62400/10gms respectively.

Base metals

The base metals market continued to face significant pressure in July, marking the second consecutive month of declines as all metals slipped into negative territory. Aluminum and zinc were particularly hard hit, each dropping nearly 9%. Copper prices experienced volatility, initially edging higher on hopes of U.S. interest rate cuts and stronger physical demand in China. However, these gains were short-lived as rising inventories, weak economic data, and a lack of new stimulus measures from China's political meetings weighed heavily on the market. Copper hit three-and-a-half-month lows, with LME-monitored stockpiles reaching a 34-week high, reflecting tepid demand. Aluminum also saw a sharp decline, hitting five-month lows and dropping 13% from its late-May peak. Despite some optimism surrounding potential policy support from China and a weaker dollar briefly boosting prices, persistent concerns about oversupply and weak demand, particularly from China, kept the base metals under pressure throughout the month.

We expect LME & MCX copper prices to trade lower towards \$8700 per tonne and Rs.767 per kg respectively.

Oil

Crude oil prices experienced significant volatility in July, ending the month with a steep decline of over 6%, reversing the strong gains seen in the previous month. The NYMEX benchmark crude index faced its longest losing streak since November, driven by recession fears in the U.S., weak manufacturing activity globally, and disappointing economic data from China, which all dampened oil demand prospects. Despite ongoing geopolitical tensions in the Middle East, including conflicts involving Israel and Iran, OPEC+ maintained its plan to phase out production cuts. While the U.S. economy showed some resilience with a 2.8% growth in Q2 and a sharp reduction in crude inventories, these factors were insufficient to offset the broader bearish sentiment in the market. As a result, crude prices remained under pressure, with forecasts suggesting potential further declines if the global economic outlook does not improve.

We expect WTI and MCX oil prices to trade lower towards \$66.06/barrel and Rs.5510/barrel respectively.

Trend deciding levels for Aug'24					
Commodity	S1	S2	R1	R2	Trend
MCX BULLDEX	14800	12200	20100	22800	Down
Gold Oct	62400	54600	78000	85900	Down
Spot Gold \$	2215	1938	2770	3060	Down
Silver Sep	72700	63000	92200	102000	Down
Spot Silver \$	25.12	21.77	31.86	35.30	Down
Copper Aug	767	731	837	872	Down
LME Copper	8700	8300	9500	9900	Down
Crude oil Aug	5510	4900	6740	7360	Down
Crude oil \$	66.06	58.75	80.81	88.24	Down
N G Aug	130	110	190	220	Down
N G \$	1.55	1.31	2.26	2.62	Down

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