

Commodity Morning View

May 08, 2026

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Renewed- escalation fear drives crude oil higher

Key Points

- US forces intercept unprovoked Iranian attacks
- Dollar bounces on US-Iran deal doubts and strong data; yen weak
- US Treasury yields climbed across the curve
- Brent trade above \$100/b
- US Economic data in focus

Events to Watch

Date	Region	Event	Time	Prior	Surv(M)
08-May-26	GE	Industrial Production SA MoM	11:30	-0.30%	0.50%
08-May-26	GE	Industrial Production WDA YoY	11:30	0.00%	-1.90%
08-May-26	US	Change in Nonfarm Payrolls	18:00	178k	62k
08-May-26	US	Nonfarm Payrolls 3-Mo Avg Chg	18:00	68k	--
08-May-26	US	Average Hourly Earnings MoM	18:00	0.20%	0.30%
08-May-26	US	Average Hourly Earnings YoY	18:00	3.50%	3.80%
08-May-26	US	U. of Mich. Sentiment	19:30	49.8	49.4
08-May-26	US	U. of Mich. 1 Yr Inflation	19:30	4.70%	4.70%

Macro

- The US and Iran traded fire, which the US said it attacked in response to Iran firing missiles at its warships. However, the US said it doesn't seek further escalation. Also, Iran is still reviewing the US one-page peace proposal, and peace talks remain possible. US bond yields were higher across the curve by 2-5bp, led by the short-end while the USD was stable. Brent oil prices rebounded from the session low of around USD96 and are holding steady in early Asian hours at around USD100.
- The US Court of International Trade ruled that President Trump's 10% global tariffs were unlawful. It said the tariffs proclaimed under Section 122 of the Trade Act of 1974 failed to identify a qualifying "large and serious" balance-of-payments deficit under Section 122 of the Trade Act of 1974. Instead, it relied on trade and current account deficits. The injunction, for now, only applies narrowly to the two companies and the one state that filed suit. The administration is expected to appeal to the Federal Circuit. Sentimentally negative for USD, DXY.
- US President Donald Trump has given the European Union until July 4 to implement its side of last year's trade agreement or face "much higher" tariffs, the Financial Times reported, citing people familiar with the matter. Trump also offered a reprieve from threatened higher car tariffs after speaking with European Commission President Ursula von der Leyen. Sentimentally negative USD In data releases, US initial jobless claims rose 10k to 205k for the week ending 2 May (consensus: 205k), while continuing claims eased, as a low number of layoffs by US firms continues to anchor labour markets. This comes ahead of non-farm payrolls data for April today (consensus: 62k; March: 178k).
- The DJIA, the S&P500, and the Nasdaq Composite Index fell 0.6%, 0.4%, and 0.1% respectively. The Eurostoxx 50 fell 0.9%. The Dollar Index was unchanged at 98.07. EUR-USD eased back 20 pips to 1.1730. The US 2Y yield rose nearly 5bp to 3.91% and the 10Y yield rose 4bp to 4.39%. The German 10Y yield was unchanged at 3.00%. The UK 10Y

yield was slightly higher by 1bp to 4.95%. Brent crude oil prices fell 1.2% to just above USD100. Gold dipped 0.1% to USD4,686.

- Data Watch: All eyes await for Apr’s non-farm payrolls data tonight (est. 65k vs. 178k) along with related indicators such as unemployment rate (est. 4.3%, like Mar’s), average hourly earnings (est. 3.8% y/y vs. 3.5% prior), as well as the labor force participation rate (est. 62% vs. 61.9% prior). May’s preliminary University of Michigan sentiment index will also be released (est. 49.5 vs. 49.8 before) as well as May’s final reading of wholesale inventories (est. unchanged at 1.4% m/m).

Base metals

- Base metals largely drifted higher on Thursday, preserving the broader bullish trend that has been in place since the US and Israel launched strikes on Iran in late February. While concerns persist around softer global manufacturing activity, markets are increasingly focused on geopolitically driven supply risks, which continue to outweigh demand-side caution.
- The Middle East remains a critical pressure point. Aluminium flows from the region—one of the world’s key production hubs—have been disrupted, tightening physical availability. In parallel, shortages of sulfuric acid sourced from the region are threatening copper output elsewhere, reinforcing structural supply constraints at a time when inventories remain relatively tight.
- Price action reflects these cross currents. On Thursday, LME aluminium slipped .9% to \$3,493.5/t, weighed down by near term surplus expectations, Aluminium and nickel softened, but most other base metals advanced, underscoring the resilience of the broader complex.
- Looking ahead, S&P Global forecasts global aluminium demand to rise 1.8% in 2026 to 107.3 mt, led by China and India. Importantly, geopolitical disruptions are benefiting China’s aluminium exports, which are expected to hit record levels as Middle Eastern supply falters and clean technology demand strengthens amid elevated fossil fuel prices. Copper demand remains firmly underpinned by clean energy applications.

Base Metals Monitor

Exchange	Commodity	Expiry	7-May-26	Daily Change	Daily % Change	6-May-26
LMEX	LMEX	-	5686	4	0.07%	5682
LME	Aluminium (\$)	-	3493	-29	-0.82%	3522
LME	Copper (\$)	-	13393	1	0.01%	13392
LME	Lead (\$)	-	1982	5	0.25%	1977
LME	Nickel (\$)	-	19143	-56	-0.29%	19199
LME	Zinc (\$)	-	3458	59	1.74%	3399
MCX	Aluminium	May	367	-3	-0.81%	370
MCX	Copper	May	1304	-4	-0.31%	1308
MCX	Lead	May	200	0	0.00%	200
MCX	Nickel	May	1830.4	0	0.00%	1830.4
MCX	Zinc	May	348	2	0.58%	346

Outlook:

The short term outlook for base metals remains constructive, underpinned by persistent supply side vulnerabilities and ongoing supply chain disruptions, which continue to pose key upside risks. Any easing of the Iran-US conflict could trigger a sharp correction in energy prices, potentially moderating aluminium, but geopolitically driven energy costs remain elevated, reinforcing a firm price floor for industrial metals. While higher costs may gradually temper demand, zinc's fundamentals remain resilient, supporting consolidation at elevated levels with a positive bias. Overall, geopolitics remains the dominant bullish anchor, sustaining upside momentum despite cyclical headwinds.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	7-May-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4685	-6	-0.13%
Comex	Silver (\$)	Spot	78.45	1.09	1.41%
MCX	Gold	June	152464	245	0.16%
MCX	Silver	Jul	259738	5938	2.34%
Ratio	Goldsilver ratio	-	59.72	-0.92	-1.52%
Rupee	USDINR	-	94.240	-0.37	-0.39%
Dxy	Dollar Index	-	98.06	0.04	0.04%
Bond	US-10 T.Yield	-	4.38	0.04	0.92%

- Gold rises in early Asian trade towards \$4730/oz on signs of ongoing U.S.-Iran tensions that could enhance the safe-haven appeal of the precious metal. Iran launched missiles, drones and small-boat attacks at U.S. warships near the Strait of Hormuz, and the U.S. responded by intercepting the threats and striking Iranian military sites responsible for the attacks. The Latest WGC data showed gold witnessed inflows from across the region in the world with Europe (+US\$3.7bn) leading the charge; Asia (+US\$1.8bn) and North America (+US\$1bn) also saw notable inflows.
- Comex silver surged 2% in Asia on Friday to trade above \$80/oz, following 2% rally in previous sessions and on mark to close 10% weekly gains to reach its highest settlement since April 20, 2026.

Outlook:

- The conflicting and fast changing newswires would keep bullion volatile in the either side, but overall optimism of US-Iran deal could see bullions remaining a buyer's markets and dip should be bought. Gold is currently behaving more like a risk asset than a traditional safe haven, responding closely to developments in the ongoing war. From a technical perspective, pullbacks toward the \$4,625 region are expected to attract buying interest, with strong support seen at \$4,565. On the upside, a break above resistance at \$4,776/\$4,820/\$4,870 would reopen scope for renewed gains. Silver may see brief dips toward \$-76, but medium-term supply tightness continues to underpin a constructive outlook towards \$84/oz.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	7-May-26	Change	Daily % Change	6-May-26
Nymex	Crude (\$)	Jun	94.81	-0.27	-0.28%	95.08
Nymex	Natural gas (\$)	June	2.76	0.03	1.10%	2.73
MCX	Crude	May	8946	-72.00	-0.80%	9018
MCX	Natural gas	May	263	5.00	1.94%	258

- Oil extended gains after the US conducted strikes in the Strait of Hormuz in response to Iranian attacks on Navy destroyers. WTI gained 2.5% to trade at USD97.22/bbl on Fri's open as Brent crude pared losses to close 1.2% lower at USD100.06/bbl overnight.
- MCX natural gas should follow the broader trend of softening due to correction in energy index, the May MCX prices could plunge further towards 245.

Outlook:

Heavy and often conflicting news flow around the Middle East conflict continues to keep global oil prices highly volatile in both directions. While supply side risks remain elevated amid tight OECD inventories and limited diplomatic progress, near term risks are becoming more balanced as high prices begin to test demand resilience. Brent near USD102/b still reflects a meaningful geopolitical risk premium, yet upside may be increasingly moderated by demand adjustment and potential policy responses. Overall, supply concerns remain supportive, but heightened volatility points to constructive consolidation, with Brent likely trading in a USD95-115/b range rather than sustaining a one way rally.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	May	355-370	Sell on rise
MCX	Copper	May	1270-1315	Buy on dips
MCX	Lead	May	195-201	Buy on dips
MCX	Nickel	May	2200-2200	Buy on dips
MCX	Zinc	May	340-352	Buy on dips
MCX	Gold	Jun	151000-154500	Buy on dips
MCX	Silver	Jul	245000-266000	Buy on dips
MCX	Crude	May	8800-9500	Sell on rise
MCX	Natural gas	May	250-295	Sell on rise
Comex	Gold	Spot	\$4650-\$4825	Buy on dips
Comex	Silver	Spot	\$76-\$84	Buy on dips
Nymex	Crude oil	June	\$92-\$98	Sell on rise

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SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

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