

Commodity Morning View

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Risk -off sentiments triggers amid fear of war escalation

Key Points

- Trump triggers risk off sentiments on street
- Two-three weeks could be volatile for global risk assets
- UST yields surges after Trump media address
- US and China showing jump in Prices paid index

Events to Watch

Date	Region	Event	Time	Prior	Surv(M)
02-Apr-26	US	Challenger Job Cuts YoY	17:00	-71.90%	--
02-Apr-26	US	Trade Balance	18:00	-\$54.5b	-\$59.4b
02-Apr-26	US	Initial Jobless Claims	18:00	210k	212k

Macro

- President Donald Trump in his media address said the Iran war is “very close” to completion but warned strikes could intensify within 2–3 weeks, which triggered a selloff in the global markets. Meanwhile Iran fired missiles across the Middle East. Israel, Bahrain, Kuwait, and the UAE all reported attacks. Qatar Energy reported a fuel oil tanker was struck in Qatari waters. The IEA warned the worst energy crisis in modern history is just beginning, with April set to be much worse as the Iran war’s full impact hits markets. Markets turned risk-off: S&P 500 futures -0.9%, Nasdaq -1%, US 10Y yields +3bps to 4.35%, DXY +0.15%. Asia equities fell—Nikkei -1.7%, KOSPI -3%, Hang Seng -0.6%, Tech -1%. Negative for broader market
- The Trump administration is preparing to impose tariffs of up to 100% on certain imported medicines, potentially as soon as Thursday, targeting companies that have not agreed to boost US manufacturing, according to people familiar with the matter. The move follows earlier threats to penalize branded drug imports and is based on a national security probe under Section 232 of the Trade Expansion Act. Firms including Pfizer, AstraZeneca and Novo Nordisk have reached agreements to invest in the US and cut prices in exchange for tariff relief, while countries with trade deals may face lower, capped duties. Negative for Pharma sector
- The DJIA, the S&P500, and the Nasdaq Composite Index rose 0.5%, 0.7%, and 1.2% respectively. The Eurostoxx 50 rose 2.9%. The Dollar Index fell 0.3% to 99.65. EUR-USD rose 40 pips to above 1.1590.
- The US 2Y yield edged up nearly 1bp to 3.80% while 10Y yield was flat at 4.32%. The German 10Y yield fell almost 2bp to 2.99%. The UK 10Y yield dropped 9bp to 4.83%. Brent crude oil prices fell 14.5% to USD101.16. Gold rose 1.9% to USD4,759.
- The latest Manufacturing PMI index showed that inflationary pressure is already visibly on the underlying economy as China’s output price inflation accelerated to its highest level since March 2022. This sharp increase forced producers to raise their output prices at the fastest pace in four years. Supply chain disruptions also deepened significantly. Suppliers’ delivery times lengthened to the greatest extent since December 2022.
- The US ISM Manufacturing PMI rose to 52.7 in March 2026, the strongest since August 2022 and above forecasts, with faster output growth, slightly weaker new orders, continued job contraction, and the highest prices index since June 2022, as firms increasingly cited the Iran war and policy uncertainty as headwinds.

- US retail sales rose 0.6% in February 2026, the strongest gain in seven months and above forecasts, with broad increases led by department, health, clothing, and auto stores, partly offset by weaker food and furniture sales. Core retail sales climbed 0.5%.
- US private payrolls rose by 62,000 in March 2026, beating expectations and signaling a still-resilient labor market, with gains led by education and health and losses in trade, transportation, utilities, and manufacturing.
- Data watch: we have the Challenger job cuts, trade, and initial jobless claims.

Base metals

- Base metals traded lower across Asian markets, with aluminium emerging as a notable outperformer amid rising geopolitical risks in the Middle East. Concerns over potential escalation have heightened supply-side risks, particularly for the GCC region, which accounted for approximately 9% of global aluminium output prior to the conflict. Disruptions to production facilities have tightened global supply conditions, driving aluminium prices to their strongest monthly performance in nearly two years. Prices in London advanced toward \$3,500 per tonne, marking a 10.4% monthly gain—the largest since April 2024—despite a broader downturn across the metals complex in March. Continued attacks on Middle East aluminium facilities raise the possibility of the global aluminium market shifting into a deficit of around one million tonnes this year, which could keep prices structurally elevated.
- On the policy front, the Trump administration is reportedly preparing to impose a 25% tariff on finished products containing imported steel and aluminium. The proposed measure would apply to derivative products and replace the current tariff regime, which levies a 50% duty on the value of steel and aluminium used. The proclamation could be announced as early as this week.
- Meanwhile, Chile—the world’s largest copper producer—reported its weakest monthly copper output in nearly nine years. Production in February totaled 378,554 metric tonnes, down 8.5% month-on-month and 4.8% year-on-year, underscoring persistent operational challenges, declining ore grades, and underperformance at key mining projects.

Base Metals Monitor

Exchange	Commodity	Expiry	01-Apr-26	Daily Change	Daily % Change	31-Mar-26
LMEX	LMEX	-	5355	61	1.15%	5294
LME	Aluminium (\$)	-	3531	64	1.85%	3467
LME	Copper (\$)	-	12434	99	0.80%	12335
LME	Lead (\$)	-	1941	38	2.00%	1903
LME	Nickel (\$)	-	17209	99	0.58%	17110
LME	Zinc (\$)	-	3289	63	1.95%	3226
MCX	Aluminium	April	355.65	5	1.43%	350.65
MCX	Copper	April	1169	4	0.34%	1165
MCX	Lead	April	195.55	0	0.00%	195.55
MCX	Nickel	April	1230	0	0.00%	1230
MCX	Zinc	April	325.4	6.15	1.93%	319.25

Outlook:

Signs of a potential de escalation in the conflict, reflected in recent statements from US President Donald Trump and Iranian officials, have provided a near term boost to market sentiment. However, elevated energy and food inflation is likely to cap a broader recovery in metals demand, as slowing global growth weighs on consumption. That said, persistent supply constraints—particularly in aluminium and zinc—are expected to limit downside risks, even amid softer demand conditions.

Over the medium term, Asian economies remain the most exposed, though lower prices have prompted selective buying interest in China. Rising input costs, weaker demand visibility, and higher US yields continue to pressure margins. For the day, we recommend maintaining a constructive stance on aluminium and zinc, supported by tightening supply fundamentals.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	01-Apr-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4758	90	1.93%
Comex	Silver (\$)	Spot	75.08	-0.08	-0.11%
MCX	Gold	June	150802	-32	-0.02%
MCX	Silver	May	232341	-9115	-3.78%
Ratio	Goldsilver ratio	-	63.37	1.26	2.04%
Rupee	USDINR	-	94.490	0.00	0.00%
Dxy	Dollar Index	-	99.65	-0.31	-0.31%
Bond	US-10 T.Yield	-	4.31	0	0.00%

- Gold prices plunged sharply in Asian session on Thursday after Trump threatens to intensify attack on Iran in next 2-3 weeks, UST yields edged higher and DXY advanced 0.3%. however the overnight Gold rose for its fourth straight session, climbing as much as 2.7% Wednesday to approach \$4,800 an ounce before trimming gains, as traders bet the Federal Reserve may need to cut interest rates to shore up a possible economic downturn.
- Silver followed the gold and copper to plunge 5% in Asian trading hours on Thursday, following weakest monthly performance in March, declining 19%, although it retained quarterly gains of approximately 7%. Elevated energy prices and rising recession risks have tempered industrial demand, undermining silver’s relative attractiveness. Despite having corrected nearly 50% from recent highs, downside risks remain, with any near-term rebounds likely to encounter selling pressure.

Outlook:

- We expect the next two to three weeks to mark the final phase of the conflict. Any near-term pullbacks in gold prices should be viewed as buying opportunities, given a supportive macroeconomic backdrop as investor focus continues to shift from inflation toward growth risks. The Federal Reserve is also expected to have limited scope for further policy tightening, which remains constructive for bullion prices.
- Gold faces near-term resistance at \$4,810; however, corrective declines are likely to attract buying interest, particularly if energy prices stabilize. A sustained breakout above \$4,840 would reinforce the bullish outlook, while strong support is situated in the \$4,470-\$4,300 range. Silver, despite elevated volatility, continues to offer upside potential, with key support at \$68 and resistance at \$78.

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	01-Apr-26	Change	Daily % Change	31-Mar-26
Nymex	Crude (\$)	May	100.12	-1.26	-1.24%	101.38
Nymex	Natural gas (\$)	March	2.81	-0.07	-2.43%	2.88
MCX	Crude	April	9253	-370.00	-3.84%	9623
MCX	Natural gas	March	265	-9.00	-3.28%	274

- Crude oil prices initially surged, with Brent trading above \$106 per barrel and WTI reaching \$104, after President Trump signaled an eventual end to the Iran conflict while indicating further military action in the near term. Saudi Arabia's oil exports fell by nearly 50% in March, with shipments averaging 3.33 million barrels per day, reflecting the effective closure of the Strait of Hormuz. Earlier on Wednesday prices retreated as markets focused on growing signs of de-escalation. WTI declined as much as 1.8% to \$98.37 per barrel, while Brent briefly dipped below \$100 before settling at \$101.16.
- Natural gas markets continue to diverge, with the US facing surplus conditions while the rest of the world experiences supply tightness due to the Strait of Hormuz disruption and attacks on gas infrastructure in Qatar and Iran. As MCX gas prices are closely linked to NYMEX benchmarks, near-term price movements may remain muted, although the broader global supply shortage continues to support the medium-term outlook for gas prices.

Outlook:

We expect oil prices to retreat once the US and Iran reach an official agreement to end the conflict. However, the underlying price floor for crude has shifted higher from pre war levels. WTI is likely to remain supported above \$80 over the next three months, reflecting tighter spare capacity and lingering geopolitical risk. As production and supply chains normalize, prices could gradually ease toward the mid \$70s over a six month horizon.

In the near term, fundamentals remain supportive, and prices are likely to stay elevated while disruptions persist. This environment continues to favor a buy on dips strategy, with upside risks skewed higher. Over the coming week, we expect WTI to trade in a \$95-110 range, supported by risk premiums and resilient demand expectations.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	April	345-365	Buy on dips
MCX	Copper	April	1135-1175	Sell on rise
MCX	Lead	April	186-195	Buy on dips
MCX	Nickel	April	2200-2200	Buy on dips
MCX	Zinc	April	315-325	Buy on dips
MCX	Gold	Jun	145000-153000	Sell on rise
MCX	Silver	May	227000-246000	Sell on rise
MCX	Crude	April	9300-10250	Buy on dips
MCX	Natural gas	April	255-300	Buy on dips
Comex	Gold	Spot	\$4450-\$4750	Sell on rise
Comex	Silver	Spot	\$66-\$76	Sell on rise
Nymex	Crude oil	May	\$98-\$110	Buy on dips

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