Commodity Morning View

August 05, 2025

Index

China’s services expand at 14 months high

Key Points

- US Dollar index slid amid rate cuts optimism
- Gold drives towards $3400 amid September rate cuts hope
- Copper surges on supply concerns
- Crude oil plunge amid OPEC+ decision
- US Data in focus

Events to Watch

Data	Country	Event	Time	Previous	Forecast
05-Aug-25	CH	S&P Global China PMI Services	7:15	50.6	50.4
05-Aug-25	US	Exports MoM	18:00	-4.00%	--
05-Aug-25	US	Imports MoM	18:00	-0.10%	--
05-Aug-25	US	S&P Global US Services PMI	19:15	55.2	55.1
05-Aug-25	US	S&P Global US Composite PMI	19:15	54.6	--
05-Aug-25	US	ISM Services Index	19:30	50.8	51.5
05-Aug-25	US	ISM Services Prices Paid	19:30	67.5	--
05-Aug-25	US	ISM Services New Orders	19:30	51.3	--
05-Aug-25	US	ISM Services Employment	19:30	47.2	--

Macro

- The DJIA, the S&P500, and the Nasdaq Composite Index rose 1.3%, 1.5%, and 2% respectively. The Eurostoxx 50 rose 1.5%. The Dollar Index fell 0.4% to 98.78 and EUR-USD dipped 20 pips to 1.1570. The US 2Y yield dipped 1bp to 3.68% and the 10Y yield fell 2bp to 4.19%. The German 10Y yield fell 5bp to 2.62% and the UK 10Y yield fell 2bp to 4.51%. Brent crude oil prices fell 1.3% to USD68.76 and gold rose 0.3% to USD3,374.
- The S&P Global China General Services PMI rose to 52.6 in July from 50.6 the previous month, expanding at its fastest pace in 14 months, fuelled by stronger demand, including a rise in new export orders. Positive for industrial metals
- Global market sentiment remains driven by the weak jobs report and ISM manufacturing index print on Friday. US factory orders fell 4.8% y/y in June (consensus: -4.9%; May: +8.3%), driven largely by the 22.4% plunge in transportation equipment orders. Ex-transportation, activity remained upbeat at +0.4% y/y (consensus: 0.3%; May: 0.3%). Meanwhile, Trump said there may be a redistribution of money to Americans from tariff revenue. Sentimentally negative for USD
- The US dollar continued to soften for the second consecutive session on the back of the lower yields. The US dollar index traded within a narrow range (98.592 to 98.980) and is currently at 98.753.
- **Economic Calendar –** China Caixin Service PMI, France Industrial Production, Canada Balance of Trade, US Balance of Trade, US ISM Service PMI.

Base metals

- Base metal prices are mixed, with LME three-month copper looming around $9700/t and LME three-month aluminium down 0.7% at $2,554.50 a ton

- Copper moved higher on Monday on supply concerns from Chilean mines, after six people were killed in a tunnel collapse triggered by an earth tremor last week at El Teniente, which accounts for over a quarter of Chilean mining giant Codelco's output. El Teniente, one of the world's biggest underground mines, produced 356,000 tons of copper last year. That volume is equivalent to more than a month of Chinese imports of refined copper. it's unclear how long the stoppage will last or whether it will trigger changes to Codelco's output goals. We expect copper prices to see limited downside, supported by weakening rupee and supply concerns.
- The macro-economic outlook is not giving any pleasant signals for base metals demand to improve in near future, with reciprocal tariffs getting implemented from August onwards will have further negative impact on the factory activities. The US ISM mfg index showed contraction, China's official mfg. index along with S&P Caixin mfg contracted in July is negative for metals. The inflation is showing sign of shooting up in US and Eurozone
- Overall, China's domestically, the favourable macro atmosphere remains unchanged, and the "anti-rat race" sentiment has dissipated. Attention will now turn to the impact of the Sino-US negotiation results. On the fundamental side, with the release of supply increments and the suppression of consumption during the off-season, the expectation of inventory buildup remains strong.

Base Metals Monitor

Exchange	Commodity	Expiry	4-Aug-25	Daily Change	Daily % Change	1-Aug-25
LMEX	**LMEX**	-	4142	10	0.24%	4132
LME	**Aluminium ($)**	-	2553	-13	-0.51%	2566
LME	**Copper ($)**	-	9687	57	0.59%	9630
LME	**Lead ($)**	-	1959	-12	-0.61%	1971
LME	**Nickel ($)**	-	2749	22	0.81%	2727
LME	**Zinc ($)**	-	2749	22	0.81%	2727
MCX	**Aluminium**	Aug	251.1	1.65	0.66%	249.45
MCX	**Copper**	Aug	887	7	0.80%	880
MCX	**Lead**	Aug	178	0	0.00%	178
MCX	**Nickel**	Aug	267.3	0	0.00%	267.3
MCX	**Zinc**	Aug	265.3	3.35	1.28%	261.95

LME Inventories

Exchange	Commodity	31-Jul-25	31-07-2025 (T.C.W)	Daily Stock change	Daily Canceled warrants	Daily % change stock	Daily % Change C.warrants
LME	**Aluminium**	462800	13500	1775	-525	0.39%	-0.11%
LME	**Copper**	144750	14275	6550	-2700	4.74%	-1.95%
LME	**Lead**	273450	72950	-3050	600	-1.10%	0.22%
LME	**Nickel**	35240	-53640	-3975	-918	-10.14%	-2.34%
LME	**Zinc**	100825	43750	-3975	-3975	-3.79%	-3.79%

SHFE Inventories (tons)

Exchange	Commodity	1-Aug-25	Weekly Stock Change	Weekly % Change Stock	YTD
SHFE	**Aluminium**	117527	1737	1.50%	-41.58%
SHFE	**Copper**	72552	-880	-1.20%	-2.18%
SHFE	**Lead**	61387	-29	-0.05%	18.46%
SHFE	**Nickel**	42906	525	1.24%	12.20%
SHFE	**Zinc**	58724	2305	4.09%	94.22%

Outlook: *Short-Term: Bearish for base metals. Weak factory activity and trade tensions are likely to suppress demand. Medium-Term: Depends on policy responses—stimulus measures, easing of tariffs, or infrastructure spending could provide support. The weakening of Indian rupee and USD could support metals at global and domestic exchanges.*

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	4-Aug-25	Daily Change	Daily % Change
Comex	**Gold ($)**	Spot	3373	10	0.30%
Comex	**Silver ($)**	Spot	37.41	0.38	1.03%
MCX	**Gold**	Oct	101225	1490	1.49%
MCX	**Silver**	Sep	112023	1833	1.66%
Ratio	**Goldsilver ratio**	-	90.16	-0.65	-0.71%
Rupee	**USDINR**	-	87.620	-0.01	-0.01%
Dxy	**Dollar Index**	-	98.78	-0.36	-0.36%
Bond	**US-10 T.Yield**	-	4.19	-0.02	-0.48%

- Gold was 0.3% higher on lower yields as traders increased their bets of further US Fed rate cuts. The 2-year US bond yield declined 1 basis point to 3.68%, while the 10-year US bond yield declined 2 basis points to 4.19%. Interest-rate futures now have an 97% chance of a September US Fed cut, with 63 basis points of cuts priced in over 2025. The rally in treasuries also continued outside of the US, with longer term yields falling in Europe and Asia.
- Silver could see some correction due to a larger correction in base metals. The trade optimism and fear of 50% tariffs on copper and threat of tariffs on Mexico has driven rally in silver. We expect silver prices could dip towards Rs 105000 at MCX in coming sessions.

Outlook:

Gold will remain a buyer's markets as market is expecting 97% chances of a rate cut in September, which will soften dollar in coming days. The geo-political uncertainty is also going to keep gold investment appeal higher..

Comex Gold support: $3300 /33320 Resistance: $3395/3420

Silver: Support is at $ $36 (Rs 109500) / Resistance is $38 (Rs 115500).

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	4-Aug-25	Change	Daily % Change	1-Aug-25
Nymex	**Crude ($)**	Aug	66.29	-1.04	-1.54%	67.33
Nymex	**Natural gas ($)**	May	2.93	-0.15	-4.87%	3.08
MCX	**Crude**	July	5828	-53.00	-0.90%	5881
MCX	**Natural gas**	Aug	257	-15.00	-5.51%	272

- WTI and Brent both fell 1.5% to $66.29 /bbl and $68.26 /bbl respectively, following the decision of, OPEC+, which agreed to increase its supply by 547,000 bpd in Sep, completing the reversal of a 2.2 Mn-barrel cutback made in 2023.

EIA Inventories

Unit	Commodity	30-Jul-25	23-Jul-25	Weekly Change	Weekly % Change
Million barrel	**Crude reserves(MB)**	426.69	418.99	7.7	1.84%
Million barrel	**Cushing stocks (MB)**	22.55	21.86	0.69	3.16%
Million barrel	**Gasoline (MB)**	228.4	231.12	-2.72	-1.18%
Million barrel	**Distilate (MB)**	113.53	109.9	3.63	3.30%
Million barrel	**US Daily output (MB/d)**	13.31	13.27	0.04	0.30%
Million barrel	**Implied oil demand (MB/D)**	19.80	19.80	0	0.00%
Percent	**Capacity utilisation (%)**	95.4	95.5	-0.1	-0.10%
Billion cubic feet	**Natural gas(Bcf)**	3123	3075	48	1.56%

Outlook: *The downturn in factory activities in China and other major manufacturing hubs have already seeing weakness in oil demand, while OPEC raising output by 0.548mbpd from September has completely phased out the production cuts of 2.2mbpd. The group expect sanctions on Russia could impact the supplies hence have raised the output to balance the market. For the day the broader selloff in commodities due to weaker Chinese data could see oil prices under selling pressure.*
Crude oil Support: $65, Resistance $70.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	**Aluminium**	Aug	246-254	Buy on dip
MCX	**Copper**	Aug	872-900	Buy on dip
MCX	**Lead**	Aug	175-180	Sell on rise
MCX	**Nickel**	Aug	2200-3	Sell on rise
MCX	**Zinc**	Aug	260-268	Sell on rise
MCX	**Gold**	Aug	99200-103000	Sell on rise
MCX	**Silver**	Sept	109000-115000	Sell on rise
MCX	**Crude**	Aug	5700-6050	Sell on rise
MCX	**Natural gas**	Aug	265-290	Buy on dip
Comex	**Gold**	Spot	$3365-$3420	Buy on dip
Comex	**SIlver**	Spot	$37-$38.20	Sell on rise
Nymex	**Crude oil**	Sept	$65-$68	Sell on rise

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