

Commodity Morning View

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Trump to impose pharma and semiconductor tariffs

Key Points

- US ISM services sub index fell in contraction
- US Trade deficit eases in June
- RBI policy meets in focus
- New reports suggest Russia mulling for Ari truce with Ukraine
- API forecast decline in US commercial reserves
- Copper plunges amid soaring inventories

Events to Watch

Data	Country	Event	Time	Previous	Forecast
06-Aug-25	GE	Factory Orders MoM	11:30	-1.40%	1.00%
06-Aug-25	GE	Factory Orders WDA YoY	11:30	5.30%	2.10%
06-Aug-25	US	DOE U.S. Crude Oil Inventories	20:00	7698k	--
06-Aug-25	US	DOE Cushing OK Crude Inventory	20:00	690k	--
06-Aug-25	US	DOE U.S. Gasoline Inventories	20:00	-2724k	--
06-Aug-25	US	DOE U.S. Distillate Inventory	20:00	3635k	--
06-Aug-25	US	DOE U.S. Refinery Utilization	20:00	-0.10%	--

Macro

- The DJIA, the S&P500, and the Nasdaq Composite Index fell 0.1%, 0.5%, and 0.7% respectively. The Eurostoxx 50 edged up 0.1%. The Dollar Index was unchanged at 98.78 and EUR-USD was also flat at 1.1570. The US 2Y yield rose 5bp to 3.72% and the 10Y yield gained 2bp to 4.21%. The German 10Y yield was unchanged at 2.62% and the UK 10Y yield edged up 1bp to 4.52%. Brent crude oil prices fell 1.6% to USD67.64 and gold edged up 0.2% to USD3,381.
- Indian Inc: The Reserve Bank of India (RBI) is expected to maintain its policy rate at 5.50%, opting for a “wait and watch” approach amid rising external risks. Having already front-loaded rate cuts totaling 100 basis points earlier this year, the central bank is likely to pause further easing for now. The U.S. has imposed a blanket 25% tariff on Indian exports effective 7 August, with President Trump threatening further hikes due to India’s continued purchases of Russian oil. These tariffs could stoke inflationary pressures in the coming months, making it prudent for the RBI to hold rates steady. The central bank is expected to closely monitor the evolving macroeconomic landscape before making any further policy adjustments.
- Global: The US ISM services PMI unexpectedly fell to 50.1 in July (consensus: 51.5; June: 50.8), showing activity nearly stagnated, as the impact from seasonal and weather factors helped drove employment deeper into contraction. while price pressures reached their highest since October 2022, with tariffs affecting commodities a major concern. Sentimentally negative for USD.
- The US trade deficit fell sharply to USD60.2 billion in June (consensus: USD61 billion; May: USD71.7 billion), its lowest since September 2023, as the deficit shrank significantly against China after an earlier frontloading of imports, subsequent US tariffs, and while consumer goods remained in China due to the Chinese government’s subsidy measures for domestic purchases. Neutral for USD.
- President Trump said he will announce chips and pharma tariffs in the next week or so, with the latter to be small but go to 250% eventually. He said he will raise tariff on India’s goods substantially over the next 24 hours. Sentimentally negative for broader risk assets and Indian rupee.

- **Economic Calendar** – Germany Factory Orders, UK S&P Global Construction PMI, EU Retail Sales, US EIA weekly crude inventory.

Base metals

- Base metals settled mixed on Tuesday, with copper edging lower due to rising inventories along with surging dollar putting additional pressure on metal complex.
- Overnight, LME copper opened at \$9,669.5/mt, initially climbed to \$9,683/mt, then gradually declined to hit bottom at \$9,627/mt before rebounding to close at \$9,634.5/mt, down 0.76%, the stocks data showed London Metal Exchange warehouse inflows surged, reversing trades on Trump's tariff bets. Copper inventories rose by 14,350 tons to 141,850, the highest since March, driven by stocks in South Korea and Taiwan.
- 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
- 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	5-Aug-25	Daily Change	Daily % Change	4-Aug-25
LMEX	LMEX	-	4133	-9	-0.22%	4142
LME	Aluminium (\$)	-	2562	9	0.35%	2553
LME	Copper (\$)	-	9638	-49	-0.51%	9687
LME	Lead (\$)	-	1973	14	0.71%	1959
LME	Nickel (\$)	-	2758	9	0.33%	2749
LME	Zinc (\$)	-	2758	9	0.33%	2749
MCX	Aluminium	Aug	251.45	0.35	0.14%	251.1
MCX	Copper	Aug	880	-7	-0.79%	887
MCX	Lead	Aug	178	0	0.00%	178
MCX	Nickel	Aug	267.3	0	0.00%	267.3
MCX	Zinc	Aug	265	-0.3	-0.11%	265.3

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	5-Aug-25	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	3380	7	0.21%
Comex	Silver (\$)	Spot	37.81	0.4	1.07%
MCX	Gold	Oct	101330	105	0.10%
MCX	Silver	Sep	113498	1475	1.32%
Ratio	Goldsilver ratio	-	89.39	-0.77	-0.85%
Rupee	USDINR	-	87.780	0.16	0.18%
Dxy	Dollar Index	-	98.78	0	0.00%
Bond	US-10 T.Yield	-	4.21	0.02	0.48%

- Gold rose overnight amidst a weaker USD and bets that the Fed will soon cut rates. The bullion edged higher for a fourth session and gained 0.2% to close at \$3,380 /oz. the yellow metals is less than 4% down from its all-time high of \$3500 made in April.
- The weakening of Indian rupee has made MCX gold to touch fresh all-time highs, while The Indian Rupee will be vulnerable in case Trump substantially increases tariff rate for India.
- 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 106000 at MCX in coming sessions.

Outlook:

Gold prospects have changed drastically as the US nonfarm payroll data proved to be disastrous. Spot gold is seen trading with a slight bullish bias as trade developments unfold. While weakness seen in the key US data is positive for the metal as September Fed rate cut probability has risen sharply, investors are closely monitoring trade developments, especially US-China trade truce extension, which is keeping the metal capped for now.

Comex Gold support: \$3320 /3335 Resistance: \$3395/3420

Silver: Support is at \$ 37 (Rs 111000) / Resistance is \$38.5 (Rs 115500).

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	5-Aug-25	Change	Daily % Change	4-Aug-25
Nymex	Crude (\$)	Aug	65.16	-1.13	-1.70%	66.29
Nymex	Natural gas (\$)	Sept	3.01	0.08	2.73%	2.93
MCX	Crude	Aug	5747	-81.00	-1.39%	5828
MCX	Natural gas	Aug	266	9.00	3.50%	257

- Oil continued its four-day decline as investors downplayed Trump's threat of tariffs on Russian energy buyers, amid softer US economic data. WTI traded near \$65, Brent below \$68, after Trump's tariff comments impacted China and India.

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	Distillate (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 supply concerns from Russia could keep crude oil prices supportive around \$65 and we expect some buying. Overall outlook remains range bound crude oil will be seesawing between forces of weak demand, rising supplies and geo-political rifts..

Crude oil Support: \$64.5, Resistance \$68.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Aug	246-254	Buy on dip
MCX	Copper	Aug	872-890	Sell on rise
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	99800-103000	Sell on rise
MCX	Silver	Sept	109000-115000	Sell on rise
MCX	Crude	Aug	5680-5900	Buy on dip
MCX	Natural gas	Aug	250-275	Buy on dip
Comex	Gold	Spot	\$3365-\$3420	Buy on dip
Comex	Silver	Spot	\$37-\$38.50	Sell on rise
Nymex	Crude oil	Sept	\$64-\$68	Buy on dip

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