# Commodity Morning View

## April 07, 2026

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MIRAE ASSET Sharekhan

# US-Iran rejects each other proposals

## Key Points

- Iran rejects 45-day ceasefire and offers 10-point plan which Trump dismissed
- WTI trades near $115 after highest close since June 2022
- Iran hits Jebel city in Saudi
- Israel hit Iran’s gas LNG infrastructure
- US ADP and services PMI in focus

**Events to Watch**

| Date | Region | Event | Time | Prior | Surv(M) |
|---|---|---|---|---|---|
| 07-Apr-26 | GE | S&P Global Germany Services PMI | 13:25 | 51.2 | 51.2 |
| 07-Apr-26 | EC | S&P Global Eurozone Services PMI | 13:30 | 50.1 | 50.1 |
| 07-Apr-26 | US | ADP Weekly Employment Change | 17:45 | 10.000k | -- |
| 07-Apr-26 | US | Durable Goods Orders | 18:00 | 0.00% | -1.00% |
| 07-Apr-26 | US | Durables Ex Transportation | 18:00 | 0.40% | 0.40% |
| 07-Apr-26 | US | NY Fed 1-Yr Inflation Expectations | 20:30 | 3.00% | -- |

## Macro

- Risk sentiment remained fragile overnight amid escalating tensions in the Middle East, with Iran reportedly rejecting a US ceasefire proposal and President Trump warning Iran “could be taken out in one night.” The President added that ceasefire agreement must include reopening the Strait of Hormuz.
- Iran reportedly passed a rejection of a temporary ceasefire proposal to mediator Pakistan. Leaders in Tehran are instead demanding a permanent end to hostilities, the lifting of all sanctions, and the US funding substantial reconstruction efforts. They warned that any US strikes on civilian targets would trigger massive retaliation against Gulf energy infrastructure. Additionally Iran has also threatened to block Bab Al Mandeb supplying 12% of world oil and gas trade. Positive for Crude oil and NG.
- US markets pushed higher but lacked direction, flipping between gains and losses throughout the session. The S&P 500 and the Dow Jones Industrial Average edged 0.4% higher, while the tech heavy Nasdaq closed 0.5% in the green. The VIX rose 1.3% to 24.17, highlighting ongoing uncertainty.
- Bond markets were little changed, with US Treasury yields higher at the front end. The 2 year yield rose 1bp to 3.85%, while the 10 year yield remained steady at 4.33%. Interest rate futures now price no change over 2026. The USD index was unchanged at 99.99, Brent crude oil prices rose 0.7% to USD109.77. Gold dropped 0.6% to USD4,650
- The US ISM services PMI index fell by 2.1 points in February, to 54.0, remaining firmly in expansionary territory and close to the average level over the past six months, The index capturing prices paid for materials and services jumped by 7.7 points, the steepest rise in thirteen years, to 70.7.
- Data watch: we have ADP employment, durable goods order, and New York Fed 1-year inflation expectation.

# Base metals

- Base metals remain well supported amid escalating geopolitical risks in the Middle East. President Trump's renewed threat to target Iranian civilian and energy infrastructure after the ceasefire deadline has heightened supply concerns, particularly as Iran is a key supplier of refined zinc and lead. At the same time, risks to aluminium production facilities across the GCC region are expected to keep aluminium prices elevated in the near term.
- Overnight, Iranian strikes reportedly targeted Jebel City in Saudi Arabia—a 1,000 sq. km industrial hub contributing an estimated 7–12% of national GDP. The zone hosts 500–700 kbpd of refining capacity alongside steel, aluminium, and fertilizer production, raising concerns over potential supply disruptions. On the LME, aluminium spreads remain in backwardation at ~$61/t, reflecting tight near term availability, while copper continues to trade in contango of ~$70/t. The global aluminium market is projected to slip into a deficit in 2026, with the GCC crisis potentially wiping out up to 1.5 mt of capacity, reinforcing a medium to long term constructive outlook for aluminium prices.
- Copper demand has softened over the past six months following a sharp 40% price rally in 2025, leading to a widening market surplus of around 380 kt. However, supply side risks continue to limit downside. Production disruptions and structural challenges in Indonesia, the DRC, and Chile remain key concerns. Chile—the world's largest copper producer—reported its weakest monthly output in nearly nine years, with February production falling to 378,554 tonnes, down 8.5% m/m and 4.8% y/y, highlighting declining ore grades, operational issues, and underperformance at major mining projects.

**Base Metals Monitor**

| Exchange | Commodity | Expiry | 6-Apr-26 | Daily Change | Daily % Change | 2-Apr-26 |
|---|---|---|---|---|---|---|
| LMEX | **LMEX** | - | 5306 | 0 | 0.00% | 5306 |
| LME | **Aluminium ($)** | - | 3469 | 0 | 0.00% | 3469 |
| LME | **Copper ($)** | - | 12359 | 0 | 0.00% | 12359 |
| LME | **Lead ($)** | - | 1933 | 0 | 0.00% | 1933 |
| LME | **Nickel ($)** | - | 17086 | 0 | 0.00% | 17086 |
| LME | **Zinc ($)** | - | 3264 | 0 | 0.00% | 3264 |
| MCX | **Aluminium** | April | 352.55 | -3.1 | -0.87% | 355.65 |
| MCX | **Copper** | April | 1161.35 | -7.65 | -0.65% | 1169 |
| MCX | **Lead** | April | 196.5 | 0.95 | 0.49% | 195.55 |
| MCX | **Nickel** | April | 1230 | 0 | 0.00% | 1230 |
| MCX | **Zinc** | April | 324.5 | -0.9 | -0.28% | 325.4 |

***Outlook:***

*Persistent supply constraints—especially in aluminium and zinc—should continue to limit downside risks despite softer demand. Over the medium term, Asian economies remain most exposed, though lower prices have encouraged selective buying in China. Rising input costs, weak demand visibility, and higher US yields continue to pressure margins. For now, we maintain a constructive stance on aluminium and zinc, supported by tightening supply fundamentals.*

# Bullions

**Bullion Daily Change**

| Exchange | Commodity | Expiry | 6-Apr-26 | Daily Change | Daily % Change |
|---|---|---|---|---|---|
| Comex | **Gold ($)** | Spot | 4649 | -27 | -0.58% |
| Comex | **Silver ($)** | Spot | 72.82 | -0.19 | -0.26% |
| MCX | **Gold** | June | 150100 | 450 | 0.30% |
| MCX | **Silver** | May | 233367 | 767 | 0.33% |
| Ratio | **Goldsilver ratio** | - | 63.84 | -0.20 | -0.32% |
| Rupee | **USDINR** | - | 93.020 | -1.47 | -1.56% |
| Dxy | **Dollar Index** | - | 99.99 | -0.03 | -0.03% |
| Bond | **US-10 T.Yield** | - | 4.33 | -0.01 | -0.23% |

- Gold is under pressure despite the geopolitical backdrop. Gold steadied after a two-day slide, hovering near $4,660 an ounce in early trade after losing more than 2%, as traders weighed Trump's threat to destroy Iranian infrastructure and the implications of a prolonged conflict, including tighter global fuel supplies and rising inflation risks, for economic growth. The threat to global economy will see jump in UST yields and that may see correction in gold prices in coming trading sessions.
- Silver prices retreat in Asia amid the global risk off sentiments prevailing on the markets amid a broader threat of Trump and Iran engaging in attacks.

***Outlook:***

- *We expect the conflict to enter its final phase over the next one to two weeks. In the near term, gold remains somewhat vulnerable, with limited upside amid elevated yields and geopolitical uncertainty. However, the medium to long term outlook remains constructive, supported by strong structural fundamentals. Any near term pullbacks should be viewed as buying opportunities, as investor focus continues to shift from inflation toward growth risks. The Federal Reserve is also expected to have limited room for further tightening, which is supportive for bullion. Gold faces resistance at $4,810–4,840, with strong support in the $4,470–4,300 range. Silver retains upside potential despite elevated volatility.*

# Energy

**Energy Price Monitor**

| Exchange | Commodity | Expiry | 6-Apr-26 | Change | Daily % Change | 2-Apr-26 |
|---|---|---|---|---|---|---|
| Nymex | **Crude ($)** | May | 112.41 | 1.27 | 1.14% | 111.14 |
| Nymex | **Natural gas ($)** | March | 2.81 | 0.01 | 0.36% | 2.8 |
| MCX | **Crude** | April | 10630 | 214.00 | 2.05% | 10416 |
| MCX | **Natural gas** | March | 265 | 2.00 | 0.76% | 263 |

- Global oil prices continue to drift higher, with WTI futures trading above $115/bbl and Brent above $111/bbl, driven by escalating geopolitical risks involving Iran, the US, and Israel, alongside growing threats to regional energy infrastructure. Crude prices are already up nearly 100% YTD. Global refining capacity has declined by 6–7%, pushing crack spreads above $40–50/bbl. Meanwhile, global crude inventories fell by roughly 300 million barrels in March, with depletion expected to deepen toward 600 million barrels as traffic through the Strait of Hormuz remains only 5–7% of pre war levels. US crude exports surged 23% w/w to 7.9 mbpd, with increased flows to Europe and Australia.

- Natural gas markets remain divergent. While the US faces surplus conditions, global markets remain tight due to supply disruptions in the Strait of Hormuz and continued attacks on gas infrastructure in Qatar and Iran. A near term cold wave across the Ohio Valley is offering temporary price support. MCX gas prices may remain muted near term, but medium term fundamentals remain supportive amid persistent global supply constraints.

***Outlook:***

*Oil prices face heightened near-term risks from potential escalation, with the ceasefire deadline set for Tuesday at 8:00 PM UST and President Trump warning of a complete strike on Iran's civilian and energy infrastructure. Global oil supplies were curtailed by nearly 10 mbpd following OPEC reductions in March, prompting drawdowns from strategic petroleum reserves. WTI is expected to remain supported above $90/bbl over the next three months amid tighter spare capacity and ongoing geopolitical risks, before gradually easing toward the mid-$70s as supply conditions normalize. In the near term, fundamentals remain supportive, favouring a buy-on-dips strategy, with WTI likely to trade in the $105–130/bbl range over the coming week.*

**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 | 220000-239000 | Sell on rise |
| MCX | **Crude** | April | 9900-11200 | Buy on dips |
| MCX | **Natural gas** | April | 251-285 | Buy on dips |
| Comex | **Gold** | Spot | $4520-$4750 | Sell on rise |
| Comex | **SIlver** | Spot | $66-$76 | Sell on rise |
| Nymex | **Crude oil** | June | $105-$121 | Buy on dips |

PRAVEEN KUMAR SINGH
Digitally signed by PRAVEEN KUMAR SINGH
Date: 2026.04.07 09:47:45 +05'30'

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No. 9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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