

Commodity Morning View

March 27, 2026

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Trump extend negotiation by 10 days, but market expect war to intensify

Key Points

- Asian market retreats amid war expectations
- OECD revised up Inflation expectations
- US Treasury yields surges
- USD advances on safe haven bids
- China's industrial profits rose 15% in Jan-Feb
- US consumer sentiments in focus

Events to Watch

Date	Region	Event	Time	Prior	Surv(M)
27-Mar-26	US	U. of Mich. Sentiment	19:30	55.5	54
27-Mar-26	US	U. of Mich. Current Conditions	19:30	57.8	--
27-Mar-26	US	U. of Mich. Expectations	19:30	54.1	--
27-Mar-26	US	U. of Mich. 1 Yr Inflation	19:30	3.40%	--

Macro

- Trump extended the deadline for striking Iran by 10 days amid talks. Iran allowed 10 tankers through Hormuz and rejected the US plan, proposing its own terms, including control over Hormuz. Additionally, US Defense Department is considering sending as many as 10,000 troops to the Middle East. That would give Trump more military choices as the conflict with Iran unfolds
- Global GDP growth is forecast at 2.9% in 2026 and 3.0% in 2027, driven by tech investment and easing tariffs, despite Middle East conflict uncertainty. Inflation for G20 economies is revised to 4.0% in 2026, moderating to 2.7% in 2027. US growth will slow from 2.0% to 1.7%, with inflation peaking at 4.2%. China's growth will ease to 4.4% and 4.3%. The Eurozone will grow 0.8%, recovering to 1.2%, while Japan's growth remains at 0.9%.
- The OECD sharply increased its inflation forecasts for major economies, projecting the average G20 inflation to jump to 4% this year compared to its 2.8% December estimate.
- US equities suffered heavy losses during regular trading on Thursday before the deadline extension provided a late lifeline. The DJIA, the S&P500, and the Nasdaq Composite Index fell 1.0%, 1.7%, and 2.4% respectively. The Euro Stoxx 50 fell 1.5%. The Dollar Index edged up 0.3% to 99.90, EUR-USD dipped 30 pips to around 1.1530. Brent crude oil prices jumped 5.7% to USD108.00 per barrel. Gold fell 2.9% to USD4,376. Silver fell 4.4% to USD68.06.
- The US 2Y yield surged 10bp to 3.99%, while the US 10Y yield rose 8bp to 4.41%. This aggressive sell-off spilled over into the Asia-Pacific session, with Australian yields rising early Friday, reflecting a global market adjusting to a "higher-for-longer" rate regime dictated by the energy shock.
- China's industrial profits rose 15.2% year-on-year in Jan-Feb 2026, beating expectations, before Middle East tensions drove oil prices up about 50% and lifted raw material costs. Earnings stabilized in 2025 after years of decline. While stronger metals prices and policy efforts eased deflation, rising input costs now threaten margins, benefiting upstream energy firms. Producer prices may turn positive in March, ending deflation, but profitability remains weak, with margins at a record-low 5.3% in 2025. Sentimentally Positive for industrial commodities

- US initial jobless claims rose by 5,000 to 210,000 in mid-March, meeting expectations but below last year’s average. Continuing claims fell by 32,000 to 1,819,000, below expectations, tying the lowest since May 2024. This contrasts with February’s weak jobs report. Federal employee claims fell by 59 to 584.
- South Asian economies face additional pressure after a cyclone forced the curtailment of output at three Australian LNG plants, which together account for around 8% of global liquefied natural gas supply. The shutdown, caused by severe Tropical Cyclone Narelle in Western Australia, has further strained Asian energy markets already impacted by disrupted shipments from Qatar, pushing regional LNG prices up by more than 90%.

Base metals

- The prolonged geopolitical conflict is expected to keep the near-term outlook for industrial commodities largely range-bound, with any price rallies likely to encounter selling pressure. Nevertheless, downside risks remain contained due to tightening supply fundamentals, particularly in zinc, which is increasingly moving into a structural deficit. The ongoing energy crisis continues to weigh on metal mining operations across Europe and parts of Asia, raising the likelihood of further production curtailments. At the same time, persistently high inflation and elevated energy costs are expected to weigh on global economic growth, resulting in subdued demand for industrial metals through 2026.
- Aluminium prices are likely to remain well supported, driven by firm market pricing, easing alumina costs, and incremental demand from Asia-Pacific buyers seeking diversified supply sources. Persistent geopolitical uncertainties are also expected to provide near-term price support across the broader base metals complex. In Europe, supply-side risks have intensified following production disruptions at Boliden’s Garpenberg operations due to abnormal seismic activity. Output is currently estimated at roughly 30% of the mine’s annual guided capacity, reinforcing bullish sentiment in zinc markets amid existing supply constraints and rising energy-related costs.
- Meanwhile, copper prices have declined nearly 8% on the London Metal Exchange this month, prompting renewed buying interest from China. While near-term price pressures remain, declining inventories and copper’s strategically important role in the global energy transition should help limit the scope for deeper downside.

Base Metals Monitor

Exchange	Commodity	Expiry	26-Mar-26	Daily Change	Daily % Change	23-Mar-26
LMEX	LMEX	-	5149	29	0.57%	5120
LME	Aluminium (\$)	-	3269	9	0.28%	3260
LME	Copper (\$)	-	12147	47	0.39%	12100
LME	Lead (\$)	-	1891	-1	-0.05%	1892
LME	Nickel (\$)	-	17253	303	1.79%	16950
LME	Zinc (\$)	-	3081	39	1.28%	3042
MCX	Aluminium	April	335	1.05	0.31%	333.95
MCX	Copper	April	1138	2.1	0.18%	1135.9
MCX	Lead	April	192	0.25	0.13%	191.75
MCX	Nickel	April	1230	0	0.00%	1230
MCX	Zinc	April	309	2	0.65%	307

Outlook:

Over the medium to long term, Asian economies are expected to be most affected by the conflict. Lower prices have prompted selective buying by Chinese fabricators, while elevated crude and LNG prices are supporting a shift toward coal. However, rising input costs, weaker demand, and higher US yields continue to pressure earnings and valuations. While ceasefire talks could boost risk assets near term, the medium-term outlook remains challenged, favouring sell-on-rallies strategies.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	26-Mar-26	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4376	-99	-2.21%
Comex	Silver (\$)	Spot	68.06	-3.15	-4.42%
MCX	Gold	June	142470	3727	2.69%
MCX	Silver	May	219200	-5010	-2.23%
Ratio	Goldsilver ratio	-	64.30	1.45	2.31%
Rupee	USDINR	-	93.520	0.00	0.00%
Dxy	Dollar Index	-	99.9	6.19	6.61%
Bond	US-10 T.Yield	-	4.41	0.06	1.38%

- Gold pared losses in early trading, stabilising near \$4,400/oz after a nearly 3% decline in the previous session. The recovery followed US President Donald Trump’s decision to extend the Iran deal deadline and implement an additional 10-day pause on strikes targeting Iranian energy infrastructure, despite lingering ceasefire uncertainty. Meanwhile, US Treasury yields moved sharply higher, with the 10-year yield up over 9 bps to 4.42%, the 30-year yield rising to 4.94%, and the 2-year yield climbing 11 bps to 3.99%, creating near-term pressure on non-yielding assets.
- Silver remains less attractive in comparison, given its heavy exposure to industrial demand, which faces growing headwinds from geopolitical disruptions and slowing global growth. While prices have already corrected nearly 50% from recent highs, downside risks persist. Any near-term rallies are likely to face selling pressure, with Comex silver expected to test key support levels at \$60 and \$55 over the next six months.

Outlook:

- *Gold’s recent pullback provides a favourable opportunity for long-term investors, as structural tailwinds—particularly its role as an inflation hedge—remain intact. Geopolitical tensions are likely to exacerbate inflationary pressures across the US and Europe in the coming months. Global central banks are expected to maintain a hawkish stance, reinforcing tight liquidity conditions.*
- *From a technical perspective, gold may retest \$4,100, with a break exposing \$3,950. Resistance stands at \$4,760, \$4,840, and \$4,900. A sell-on-rallies strategy with disciplined risk management is advised. Silver is expected to retest \$62 support, with a breach opening \$59–\$60; resistance remains at \$76–\$80.*

Energy

Energy Price Monitor

Exchange	Commodity	Expiry	26-Mar-26	Change	Daily % Change	23-Mar-26
Nymex	Crude (\$)	May	94.48	2.13	2.31%	92.35
Nymex	Natural gas (\$)	March	2.99	0.05	1.70%	2.94
MCX	Crude	April	9018	330.00	3.80%	8688
MCX	Natural gas	March	280.2	4.20	1.52%	276

- Oil prices rose on Thu after Iran signalled it had no intention of holding direct talks with the US, even as a US proposal to end the war is under review by senior officials in Tehran, according to remarks from the Islamic Republic's foreign minister. International benchmark Brent crude futures added 5.66% to \$108.01/bbl, while US West Texas Intermediate futures climbed 4.61% to \$94.48/bbl.
- The Ukraine -Russia war has again intensified with Ukraine hitting Russia key port, which accounts for 60% of its seaborne exports roughly exporting 1-1.5 mbpd.
- The US Nat gas export demand is expected to see Natural gas prices moving higher in coming week. Trading range of 272-320 at MCX.

Outlook:

Crude oil remains a near-term buyers' market, as the conflict is expected to intensify in the coming weeks, increasing the risk of disruptions to energy infrastructure across the GCC. Global supply conditions are already tight, with production reduced by nearly 10 mbpd and Russian output impacted by recent attacks. The LNG market poses a larger challenge, with Asian economies facing sustained pressure from supply shortfalls and elevated import costs. While the near-term outlook for crude remains constructive, global benchmarks continue to understate regional cost pressures. Effective crude prices in Asia have exceeded \$170 per barrel and are likely to remain elevated while disruptions persist. A buy-on-dips strategy is maintained in the near term.

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	April	327-342	Buy on dips
MCX	Copper	April	1085-1155	Sell on rise
MCX	Lead	April	186-195	Sell on rise
MCX	Nickel	April	2200-2200	Buy on dips
MCX	Zinc	April	304-320	Buy on dips
MCX	Gold	Jun	139000-145000	Sell on rise
MCX	Silver	May	216000-236000	Sell on rise
MCX	Crude	April	8400-9250	Buy on dips
MCX	Natural gas	April	262-305	Buy on dips
Comex	Gold	Spot	\$4250-\$4600	Sell on rise
Comex	Silver	Spot	\$65-\$72	Sell on rise
Nymex	Crude oil	May	\$86-\$98	Buy on dips

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