

# Commodity Morning View

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# Market eyes key catalysts

## Key Points

- US FOMC in focus
- Metals to trade sideways ahead US-China trade negotiations
- US-China negotiations could see lower tariffs
- Oil retreats amid expectation of OPEC+ supplies
- Indian IIP index resilient in September
- Precious metals retreats amid easing geo-political concerns

### Events to Watch

Data	Country	Event	Time	Previous	Forecast
29-Oct	USD	Pending Home Sales (MoM) (Sep)	19:30	4.00%	1.70%
29-Oct	USD	Cushing Crude Oil Inventories	20:00	-0.770M	-
29-Oct	USD	Atlanta Fed GDPNow (Q3)	21:00	-	-
29-Oct	USD	FOMC Statement	23:30	-	-
29-Oct	USD	Fed Interest Rate Decision	23:30	4.25%	4.00%

## Macro

- Indian Inc: India's Index of Industrial Production (IIP) rose +4.0% YoY in September 2025, unchanged from August, reflecting solid growth in manufacturing output led by metals, electrical equipment, and vehicles, despite a small decline in mining. Manufacturing and Electricity observed growth rates of 4.8 percent and 3.1 percent in September 2025. Positive for Indian markets and Rupee
- AI-related optimism and higher technology shares boosted Wall Street overnight as all three major The DJIA, the S&P500, and the Nasdaq Composite Index rose 0.3%, 0.2%, and 0.8% respectively. The Dollar Index dipped 0.1% to 98.67 and EUR-USD was just a touch higher around 1.1650. The US 2Y and 10Y yields were unchanged at 3.49% and 3.98% respectively. Brent crude oil prices fell 1.9% to USD64.40 and gold fell 0.8% to USD3,952. Tonight's FOMC and slew of corporate earnings may continue to colour the stock market movement.
- FOMC Preview: The FOMC is set to cut by 25bps at the Oct. 28-29 meeting, while Chair Jerome Powell is likely to offer limited guidance amid growing divisions among policymakers. As long as inflation expectations remain contained, Powell can focus on employment and guide policy back toward a neutral stance. No new forecasts or rate projections will be issued. Market expects Powell to frame both the rate cut and the end of QT as risk-management moves even with the government shutdown likely to extend well into Nov, under which the FOMC won't have Oct inflation and unemployment data when it next meets on 9-10 Dec. Positive for broader markets.
- US-Japan: The meeting between US and Japanese leaders resulted in a trade agreement, particularly regarding critical minerals. Among the gains for Japan is solidifying the maximum 15% tariffs on its exports to the US. Meanwhile, the Japanese PM pledged to spend 2% of GDP on defence by March 2026. Positive for Auto sector and metal sector.
- The US economic data release, the Conference Board Consumer Confidence Index fell to 94.60 in October from 95.6 in September but above the consensus of 93.4. The Richmond Fed Business Conditions index rose to -1 reading for October vs. -7 the previous month

- The ADP showed data that private payrolls rose by an average of 14.2K in the four weeks ended 11 October indicating a monthly growth of about 57,000 jobs, reversing September's 32,000 job loss. The ADP will start publishing weekly preliminary estimates every Tuesday from 28 October.
- Eurozone consumer inflation expectations fell to 2.7%, while three-year and five-year forecasts held at 2.5% and 2.2%, respectively. Income growth expectations were 1.1%, with economic growth at -1.2%. Unemployment held steady at 10.7%, indicating labour market stability. Home prices were expected to rise 3.5% in the next year. Positive for Euro.
- Trump and Xi will discuss halving 20% tariffs on Chinese goods as part of a fentanyl crackdown. The U.S. will roll back tariffs if China curbs chemical exports used to make fentanyl. The final agreement depends on their meeting and future negotiations, with expected reductions in port fees on each other's ships. Data Watch: US Sep's pending home sales (est. 1.2% m/m vs. 4% prior) followed by Octobers FOMC.

## Base metals

- The base metals traded sideways ahead of the key events of FOMC decisions and US-China summit in S.Korea on October 30th , while we expect metals to remain directionless until we get more clarity on the trade negotiation outcome. The positive thrust to overall metal complex is provided by the China's fourth plenum conclusion as China pledged to "significantly" boost the share of consumption in its economy over the next five years while maintaining tech and manufacturing as the top priorities. This move aims to reduce reliance on exports following a sharp escalation of trade tensions in 2025.
- Copper edges higher in early Asian trade, with the three-month copper contract on the LME up 0.1% at \$11,051 a ton. Markets continue to await a much-anticipated U.S.-China trade deal after negotiators reached tentative agreements on tariffs, shipping fees and export controls, though details remain vague. Supply-side issues are expected to persist, as copper production at its Collahuasi mine in Chile will likely be lower than expected next year, exacerbating a tight market. Meanwhile, the demand outlook is brightening in Europe, where car sales rose for a third straight month in September, with sales for electric vehicles in particular jumping by a third.

### Base Metals Monitor

Exchange	Commodity	Expiry	28-Oct-25	Daily Change	Daily % Change	27-Oct-25
LMEX	LMEX	-	4663	11	0.24%	4652
LME	Aluminium (\$)	-	2889	15	0.52%	2874
LME	Copper (\$)	-	11038	-4	-0.04%	11042
LME	Lead (\$)	-	2026	2	0.10%	2024
LME	Nickel (\$)	-	15296	21	0.14%	15275
LME	Zinc (\$)	-	3058	3	0.10%	3055
MCX	Aluminium	Nov	271	0.15	0.06%	270.85
MCX	Copper	Nov	1009	-2	-0.20%	1011
MCX	Lead	Nov	183	-0.25	-0.14%	183.25
MCX	Nickel	Nov	1317	0	0.00%	1317
MCX	Zinc	Nov	300	1.2	0.40%	298.8

### LME Inventories

Exchange	Commodity	24-Oct-25	24-10-2025 (T.C.W)	Daily Stock change	Daily Canceled warrants	Daily % change stock	Daily % Change C.warrants
LME	Aluminium	470950	65400	-2175	-2075	-0.46%	-0.44%
LME	Copper	135850	10150	-500	-200	-0.37%	-0.15%
LME	Lead	236875	158900	1500	0	0.64%	0.00%
LME	Nickel	230904	6204	-600	-600	-0.26%	-0.26%
LME	Zinc	36600	8800	-1000	-1000	-2.66%	-2.66%

### SHFE Inventories (tons)

Exchange	Commodity	24-Oct-25	Weekly Stock Change	Weekly % Change Stock	YTD
SHFE	Aluminium	118168	-3860	-3.16%	-41.26%
SHFE	Copper	104792	-5448	-4.94%	41.28%
SHFE	Lead	36333	-5368	-12.87%	-29.89%
SHFE	Nickel	36075	1656	4.81%	-5.66%
SHFE	Zinc	109168	-459	-0.42%	261.05%

**Outlook:** The trade deal framework and China's Plenum put together will be the biggest impetus for base metals to move higher. While market has also discounted 25 bps cuts from US Fed this week. This week is expected to remain volatile because of key developments in APEC and FOMC, we advise buying the dips in metals.

## Bullions

### Bullion Daily Change

Exchange	Commodity	Expiry	28-Oct-25	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	3952	-30	-0.75%
Comex	Silver (\$)	Spot	47.06	0.21	0.45%
MCX	Gold	Dec	119646	-1397	-1.15%
MCX	Silver	Dec	144342	882	0.61%
Ratio	Goldsilver ratio	-	83.98	-1.02	-1.20%
Rupee	USDINR	-	88.280	0.04	0.05%
Dxy	Dollar Index	-	98.66	-0.12	-0.12%
Bond	US-10 T.Yield	-	3.97	0	0.00%

- Gold is trading higher in early Asian trade, staging a technical recovery after two days of decline, the current bout of weakness is in line with history, with it normally correcting lower after the Fed starts cutting interest rates, before resuming its rally about 10-12 weeks later on average. Spot gold closed 0.7% lower and settled at a three-week low of USD3,951.56/oz on Tuesday.

**Outlook:**

U.S. President Trump securing trade deals across the Asia-Pacific, has somewhat eased the geopolitical risks that had fuelled gold's rally since start of this year. While central bank diversification away from the dollar continues to provide long-term support, near-term momentum is fading. Markets now await the Xi-Trump summit (October 30) and FOMC rate decision, which could further cap upside amid risk-on sentiment. we maintain a bullish outlook for gold and silver into 2026 and following a much-needed correction/consolidation traders will likely pause and awaits the global macro developments.

## Energy

**Energy Price Monitor**

Exchange	Commodity	Expiry	28-Oct-25	Change	Daily % Change	27-Oct-25
Nymex	<b>Crude (\$)</b>	Dec	60.15	-1.16	-1.89%	61.31
Nymex	<b>Natural gas (\$)</b>	Oct	3.34	-0.10	-2.91%	3.44
MCX	<b>Crude</b>	Nov	5314	-129.00	-2.37%	5443
MCX	<b>Natural gas</b>	Nov	341	-15.00	-4.21%	356

- Risks of oversupply continued to push oil prices lower with Brent crude, Oil extended a three-day decline, with Brent below \$65 and WTI near \$60, as investors weighed Western sanctions on leading Russian producers and mixed US inventory estimates; President Donald Trump will press ahead with harsh new sanctions to push Vladimir Putin into talks,
- The EIA's Weekly Natural Gas Storage Report, released October 23 for the week ending October 17, showed working gas inventories rising +87 Bcf to 3,808 Bcf, Forecasts indicate cooler temperatures over the eastern U.S., potentially increasing heating demand. Overall, above-average inventories (6% surplus) and record production temper bullish momentum, despite weather support.

**EIA Inventories**

Unit	Commodity	23-Oct-25	15-Oct-25	Weekly Change	Weekly % Change
Million barrel	<b>Crude reserves(MB)</b>	422.8	423.78	-0.98	-0.23%
Million barrel	<b>Cushing stocks (MB)</b>	22	22	0	0.00%
Million barrel	<b>Gasoline (MB)</b>	216.7	218.8	-2.1	-0.96%
Million barrel	<b>Distillate (MB)</b>	115.6	117.03	-1.43	-1.22%
Million barrel	<b>US Daily output (MB/d)</b>	13.629	13.63	-0.001	-0.01%
Million barrel	<b>Implied oil demand (MB/D)</b>	8.45	8.45	0	0.00%
Percent	<b>Capacity utilisation (%)</b>	85.7	85.7	0	0.00%
Billion cubic feet	<b>Natural gas(Bcf)</b>	3641	3641	0	0.00%

**Outlook:** Short-term momentum appears positive, but the medium-to-long-term outlook remains bearish due to oversupply risks and muted global demand. we expect WTI to avg \$56 by end of yr, while broader trading would remain in \$59-\$63.

## Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	<b>Aluminium</b>	Nov	266-273	Buy on dip
MCX	<b>Copper</b>	Nov	995-1025	Buy on dip
MCX	<b>Lead</b>	Nov	180-186	Buy on dip
MCX	<b>Nickel</b>	Nov	2200-3	Buy on dip
MCX	<b>Zinc</b>	Nov	294-304	Buy on dip
MCX	<b>Gold</b>	Dec	117500-121000	Sell on rise
MCX	<b>Silver</b>	Dec	141500-147500	Sell on rise
MCX	<b>Crude</b>	Nov	5200-5500	Sell on rise
MCX	<b>Natural gas</b>	Oct	320-370	Sell on rise
Comex	<b>Gold</b>	Spot	\$3850-\$4050	Sell on rise
Comex	<b>Silver</b>	Spot	\$45-\$48	Sell on rise
Nymex	<b>Crude oil</b>	Dec	\$59-\$63	Sell on rise

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