

# Commodity Morning View

July 31, 2025

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# Chinese Manufacturing contracts in July

## Key Points

- US FOMC hawkish, rate cut expectations delayed
- US GDP advances in Q2- at 3%
- US private hiring above 100k.
- US imposes 25% tariff in India
- US imposes 50% tariff on copper products
- US dollar advances as US makes trade deal progress

### Events to Watch

Data	Country	Event	Time	Previous	Forecast
31-Jul-25	CH	Manufacturing PMI	7:00	49.7	49.7
31-Jul-25	CH	Non-manufacturing PMI	7:00	50.5	50.3
31-Jul-25	US	Personal Spending	18:00	-0.10%	0.40%
31-Jul-25	US	Real Personal Spending	18:00	-0.30%	0.10%
31-Jul-25	US	PCE Price Index MoM	18:00	0.10%	0.30%
31-Jul-25	US	PCE Price Index YoY	18:00	2.30%	2.50%
31-Jul-25	US	Core PCE Price Index MoM	18:00	0.20%	0.30%
31-Jul-25	US	Core PCE Price Index YoY	18:00	2.70%	2.70%
31-Jul-25	US	Employment Cost Index	18:00	0.90%	0.80%
31-Jul-25	US	Initial Jobless Claims	18:00	217k	223k
31-Jul-25	US	MNI Chicago PMI	19:15	40.4	42

## Macro

- The DJIA and the S&P500 fell 0.4% and 0.1% respectively while the Nasdaq Composite Index gained 0.2%. The Eurostoxx 50 rose 0.3%. The Dollar Index gained 0.9% to 99.82 and EUR-USD fell 140 pips to 1.1410. The US 2Y yield rebounded over 7bp to 3.94% after sliding by 6bp on Wednesday. The US 10Y yield rose 5bp to 4.37% after falling by 9bp on Wednesday. The German 10Y yield was unchanged at 2.71%. The UK 10Y yield fell 3bp to 4.60%. Brent crude oil prices rose 1% to USD73.24 and gold fell 1.6% to USSD3,275.
- China's factory activity contracted in July, hitting a six-month low. The official manufacturing Purchasing Managers' Index (PMI) declined to 49.3 in July from 49.7 in June. Meanwhile, the non-manufacturing PMI, decreased to 50.1 from 50.5 the previous month, below the expected 50.2. In its statement, the NBS attributed the manufacturing downturn partly to adverse weather conditions, including high temperatures, heavy rainfall, and flooding in certain regions, alongside the sector's entry into the "traditional off-season" in July. Sentimentally negative for broader market and industrial commodities.
- FOMC review: The Fed held rates steady at 4.25-4.50% for a fifth straight meeting as expected, with two expected dissenters calling for a 25bps cut. Fed chair Powell tuned hawkish in later remarks, citing lingering unknowns around tariffs and its impact on inflation and growth as a reason to stand pat, while also noting still-strong labour markets and above-target inflation. Sentimentally positive for USD
- Trump asserted that the August 1st deadline is firm and won't be extended, adding that India will face a 25% tariff plus a penalty starting August 1st. He also imposed 50% tariffs on Brazilian goods, and 15% on South Korean goods.

- Trump imposed a 50% tariff on all semi-finished copper products coming into the US, but stopped short of applying the duty to imports of the refined metal. This sent copper prices plunging in New York before recovering most of its losses. Sentimentally negative for base metals
- US advanced 2Q2025 GDP reading saw the US economy growing 3.0% annualised (consensus: 2.6%; 1Q2025: -0.5%), reflecting mainly a 30.3% y/y plunge in imports after earlier frontloading. Consumer spending rose to 1.4% (prior: 0.5%), though still marked among its tameest growth since the pandemic. ADP private payrolls saw a strong rebound to 104k job additions in July (consensus: +76k; June: -23k). GDP growth from Eurozone slowed but still etched above expectations at 0.1% q/q, 1.4% y/y in 2Q (versus Bloomberg est 0.0% q/q, 1.2% y/y) from 0.6% q/q, 1.5% y/y in 1Q. Sentimentally positive for USD.
- **Economic Calendar** – China NBS Manufacturing PMI, Japan BoJ Interest Rate Decision, Germany Inflation Rate, US Core Price Index, US Personal Income, US Personal Spending.

## Base metals

- Base metals are drifting sharply lower on Thursday in Asian trading sessions as the data from China showing contraction in manufacturing activities, additionally the tariff news of US imposing 50% tariffs on semi-finished copper product imports will drag the overall base metal pack lower. Trump imposed a 50% tariff on all semi-finished copper products coming into the US, but stopped short of applying the duty to imports of the refined metal. This sent copper prices plunging in New York before recovering most of its losses.
- The US copper market saw its largest intraday as US copper futures on Comex fell 20%, having previously traded 28% above London Metal Exchange benchmarks, expecting tariffs on all refined imports.
- The US dollar recorded one of the more significant FOMC decision-day gains on Wed (30 Jul) with the USD appreciating against all G10-FX as the Fed expectedly held rates unchanged and FOMC Chair Powell sounded hawkish in his press conference and “need to see the data” before deciding on Sep FOMC and “it can go in many directions”. A strong 2Q US GDP also supported the dollar. The US Dollar index (DXY) was higher by 0.93% to 99.815 (from the previous session’s close of 98.886).
- The ICSG copper surplus for first five months remains at 280kt, while Global zinc surplus has shrunk to 88kt due to some declining production from China and Europe.

### Base Metals Monitor

Exchange	Commodity	Expiry	30-Jul-25	Daily Change	Daily % Change	29-Jul-25
LMEX	LMEX	-	4171	-37	-0.88%	4208
LME	Aluminium (\$)	-	2601	-4	-0.15%	2605
LME	Copper (\$)	-	9698	-100	-1.02%	9798
LME	Lead (\$)	-	1992	-24	-1.19%	2016
LME	Nickel (\$)	-	2862	0	0.00%	2862
LME	Zinc (\$)	-	2785	-20	-0.71%	2805
MCX	Aluminium	Aug	253.6	0.05	0.02%	253.55
MCX	Copper	Aug	897.5	-1.5	-0.17%	899
MCX	Lead	Aug	178	0	0.00%	178
MCX	Nickel	Aug	267.3	0	0.00%	267.3
MCX	Zinc	Aug	267.6	-0.4	-0.15%	268

### LME Inventories

Exchange	Commodity	25-Jul-24	25-07-2024 (T.C.W)	Daily Stock change	Daily Canceled warrants	Daily % change stock	Daily % Change C.warrants
LME	Aluminium	450825	15025	2725	-125	0.61%	-0.03%
LME	Copper	128475	18850	3700	-1000	2.97%	-0.80%
LME	Lead	266275	71425	-3050	600	-1.13%	0.22%
LME	Nickel	35840	-53640	-3375	-918	-8.61%	-2.34%
LME	Zinc	115775	54800	-1125	-1125	-0.96%	-0.96%

### SHFE Inventories (tons)

Exchange	Commodity	25-Jul-25	Weekly Stock Change	Weekly % Change Stock	YTD
SHFE	Aluminium	115790	6968	6.40%	-42.45%
SHFE	Copper	73432	-11133	-13.17%	-1.00%
SHFE	Lead	61416	-919	-1.47%	18.52%
SHFE	Nickel	42381	525	1.25%	10.83%
SHFE	Zinc	56419	1789	3.27%	86.60%

**Outlook:** Metals could see some selling pressure as most of the metals have remained higher due to trade tariff concerns, while as US is securing trade deal with major partners, expect metals to align with fundamentals, which are still showing weakness in demand, the trade optimism could be short lived and expect coming quarter could be weak for metals.

## Bullions

### Bullion Daily Change

Exchange	Commodity	Expiry	30-Jul-25	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	3275	-51	-1.53%
Comex	Silver (\$)	Spot	37.13	-1.07	-2.80%
MCX	Gold	Oct	99009	-121	-0.12%
MCX	Silver	Sep	112900	-900	-0.79%
Ratio	Goldsilver ratio	-	88.20	1.14	1.30%
Rupee	USDINR	-	86.820	0.00	0.00%
Dxy	Dollar Index	-	99.81	0.93	0.94%
Bond	US-10 T.Yield	-	4.37	0.05	1.16%

- Gold rose slightly after a sharp drop when Powell's comments reduced bets on a September rate cut. Trading near \$3,285 an ounce after a 1.6% loss, gold faced pressure from a strong dollar and rising Treasury yields.
- The hawkish comment from US FOMC, expectation of an inflation shooting up in coming quarters, the robust looking US economy, have pushed the rate cuts chances to December meetings. Additional pressure on Gold is expected to come from surging Dollar, which is gaining traction on Trump signing trade deals and forcing trading partners to make investments in US.

- 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:

We expect gold prices to remain under selling pressure, and could test the support of US 3200, the US making trade deals and engaging in trade negotiation with China will have negative impact on gold, while absence of major geo-political rift have also wiped out the risk premiums from Gold.

Comex Gold support: \$3265 /3229 Resistance: \$3335/3350

Silver: Support is at \$ 36 (Rs 105500) / Resistance is \$39 (Rs 116000).

## Energy

#### Energy Price Monitor

Exchange	Commodity	Expiry	30-Jul-25	Change	Daily % Change	29-Jul-25
Nymex	Crude (\$)	Aug	70	0.79	1.14%	69.21
Nymex	Natural gas (\$)	May	3.04	-0.10	-3.18%	3.14
MCX	Crude	July	6172	163.00	2.71%	6009
MCX	Natural gas	Aug	268	-6.00	-2.19%	274

- Oil remained steady after reaching a six-week high as Trump threatened penalties on India for buying Russian crude and cracking down on Iranian supplies. WTI traded above \$70, Brent near \$73. Trump noted tariffs and ongoing talks with 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)	2325	2325	0	0.00%

**Outlook:** The demand for crude is likely to hamper due to Asian economies showing sign of slowdown, while US inventories have surged higher, but gasoline demand remained stronger, and the US underlying continue to remain resilient. The US Pushing for secondary sanction on Russia and falling crude production from non OPEC nations will keep prices supportive in medium term. For the day the broader selloff in commodities due to weaker Chinese data could see oil prices under selling pressure.

Crude oil Support: \$66, Resistance \$71.

## Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Aug	250-258	Sell on rise
MCX	Copper	Aug	880-910	Sell on rise
MCX	Lead	Aug	175-180	Sell on rise
MCX	Nickel	Aug	2200-3	Sell on rise
MCX	Zinc	Aug	264-272	Sell on rise
MCX	Gold	Aug	96200-99750	Sell on rise
MCX	Silver	Sept	108000-114000	Sell on rise
MCX	Crude	Aug	5750-6200	Sell on rise
MCX	Natural gas	Aug	245-290	Buy on dip
Comex	Gold	Spot	\$3250-\$320	Sell on rise
Comex	Silver	Spot	\$36.-\$37.75	Sell on rise
Nymex	Crude oil	Sept	\$66-\$71	Sell on rise

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