



The background graphic features a blue-toned illustration of the Earth from space, surrounded by a network of glowing blue lines and dots. In the foreground, there is a black oil barrel with a yellow hazard symbol, several gold coins floating above it, and a bar chart with a line graph overlaying it. The entire scene is set against a dark blue background with subtle light effects.

Commodities Canvas

MONTHLY REPORT, May 2025, 107th EDITION

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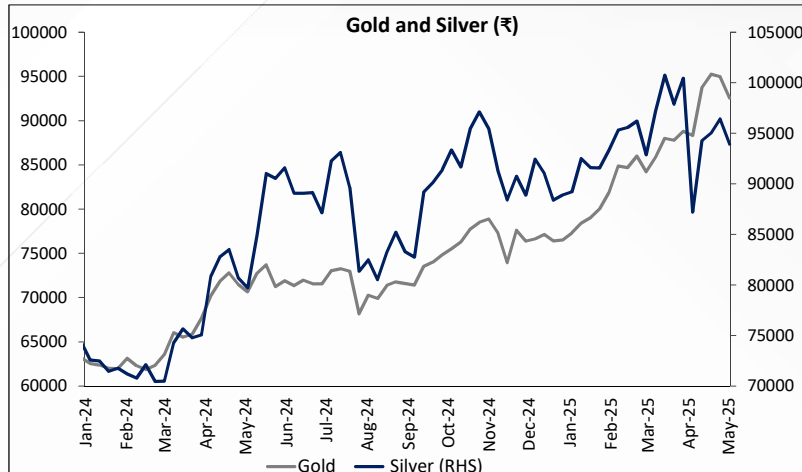
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Commodity Returns

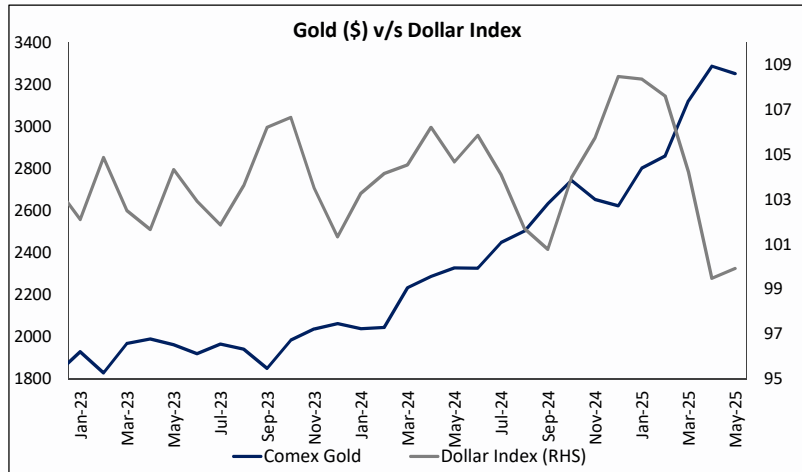
Commodity	Closing price (as on 31/03/25)	1 week	1 month	1 Year	YTD	Analysis
Gold (₹)	94702	-0.3%	5.0%	21.0%	21.6%	Profit booking observed from life time highs
Gold (\$)	3287	-0.3%	5.2%	24.0%	24.4%	Sharp rally and then some profit taking from peak
Silver (₹)	95917	1.2%	-5.8%	7.0%	8.0%	Highly volatile moves, unable to sustain at highs
Silver (\$)	32.59	1.5%	-4.3%	12.5%	12.6%	Catch rally witnessed, struggles at highs
Crude Oil (₹)	4952	-2.1%	-19.0%	-19.4%	-19.1%	Rapid fall towards multi-year lows
Natural Gas (₹)	280.9	16.4%	-20.4%	-5.9%	-6.0%	Rebound from recent lows
Copper (₹)	823.6	-1.7%	-7.6%	6.0%	5.6%	Price faces resistance, some correction from recent peak
Zinc (₹)	244.15	-2.3%	-9.5%	-11.8%	-13.5%	Relative weakness continues – towards multi month lows
Aluminium (₹)	229.55	-1.0%	-6.8%	-3.7%	-8.1%	Underperformance continues, hovering around 7-months lows
Lead (₹)	176.75	-0.2%	-1.5%	-0.4%	0.3%	Range-bound market – laggard amidst market volatility
Dollar index	99.63	0.1%	-4.4%	-8.1%	-8.1%	Price action headed lower, breaking 35-month lows

Precious Metals

Gold & Silver taking a pause after an astounding Q1



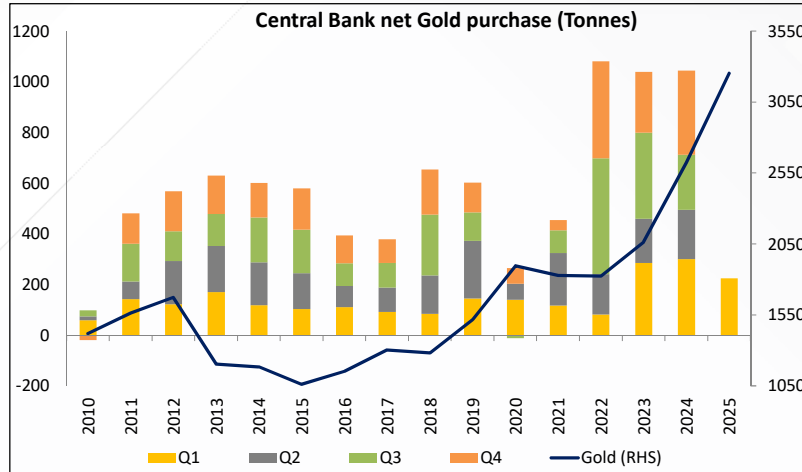
Inverse relation continues between Gold and Dollar



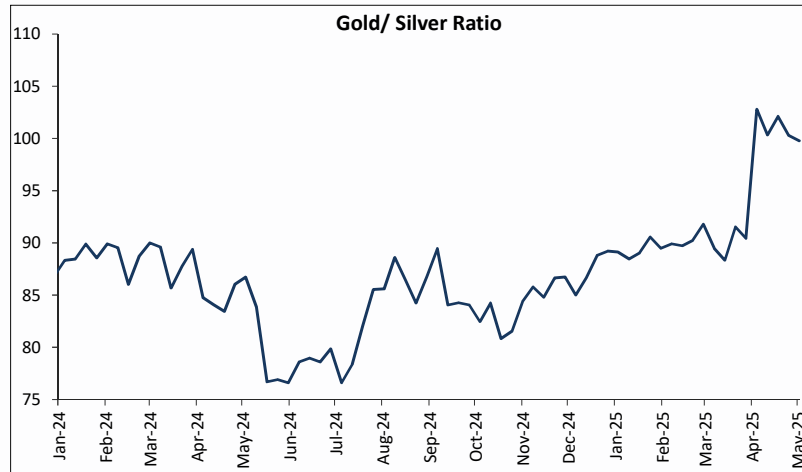
- Gold marked an all-time high of \$3,500 and nearly ₹100,000, before experiencing a sharp sell-off
- Despite sharp fall from all-time highs, Gold managed to close the month ~5% in the green
- Dollar index hovered near 3 year low, while US Yields remained firm above 4%
- Mixed set of economic data kept market participants on edge regarding overall economic health
- Volatility in the bullion market was driven by President Trump's tariff updates, geopolitical tensions, and Fed monetary policy
- U.S.-China tariffs escalated, with rates over 100%, sparking concerns and driving gold's price surge
- US President did offer a 90-day breather to other countries, excluding China
- However, expectations for a deal with China have emerged, potentially easing risk premium built-in gold
- US & Ukraine signed a minerals deal, while Russia and Ukraine also are working on a possible ceasefire
- Geopolitical tensions, including conflicts in Middle East and China-Taiwan issues, contributed to gold's volatility
- There is a strong tussle regarding market expectations for rate cuts and Fed's wait-and-watch approach
- President Trump had put a strong foot on taking action against Governor Powell in case of no action on interest rates, but later budged
- IMF lowered global growth forecast for 2025 to 2.8%; while inflation is expected to remain higher ~3% up from previous forecast of 1.9%
- Persistent inflation above 2% supported demand for gold as an inflation hedge

Precious Metals

Central bank gold buying spree continues



Gold/Silver ratio stable near recent peak



- China's gold market continued its investment boom - record ETF inflows and high domestic demand
- India's gold market experienced a price rally, followed by a demand realignment
- Discount on domestic front, hit as low as \$60 and came to \$25 later, as per WGC
- Despite gold's sharp volatility, silver barely flinched last month, showing surprising resilience
- The correlation between silver and copper has risen to over 90%, while the correlation with gold remains at just 60% in 2025
- Missing updates on China's economic development and fears of a global slowdown, kept silver investors on edge
- The gold/silver ratio recently broke above its long-standing range, reaching a high of 107 for the first time in a while
- WGC Q'1 report shows, Bar & Coin, ETF, institutional demand was up, while that of Jewellery fell
- Similarly, total quarterly supply also increased by 1% on a yearly basis
- Pace of Central Bank Buying reduced but was still higher than the 5 year average of ~196t
- COMEX gold stocks fell by ~8% from the peak hit at start of this month
- Gold total ETF (incl. SPDR holdings) has increased by 13% since the start of 2025
- Key factors to watch include Trump's tariff moves, Dollar Index, move in USDINR, Fed commentary, economic data, and updates from China
- Gold and Silver for the month of May could consolidate in a broad range

Gold

Current Month Stance: **Negative**

Daily Chart

Stance: Prices likely to decline towards the 91,000–90,000 zone amid sustained selling pressure. It is recommended to sell on any rise near the 93,500 level.

Negation: The bullish outlook will be invalidated if prices close above the 96600 level.



Silver

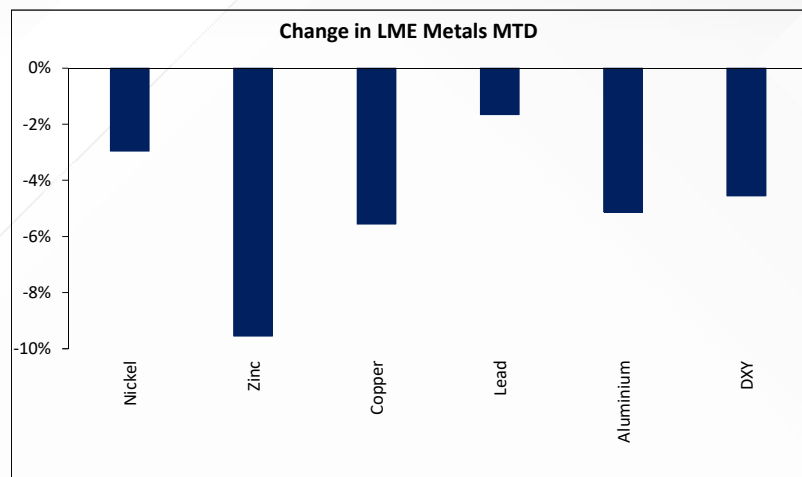
Current Month Stance: **Range Bound**

Daily Chart



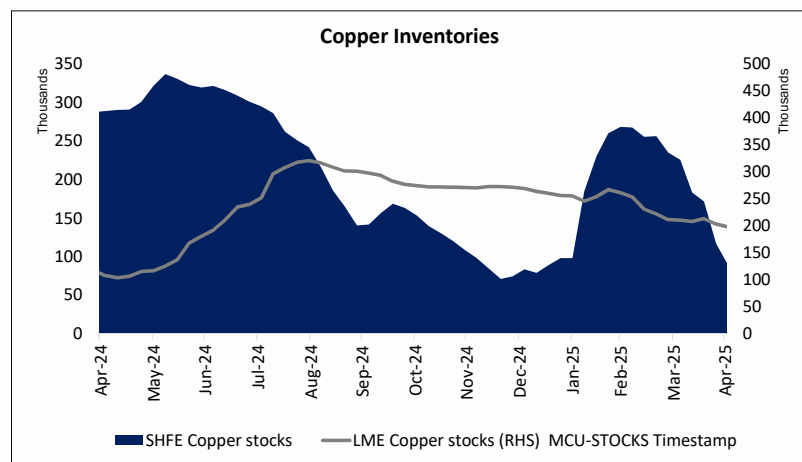
Base Metals- Copper

Metals have felt the pinch in prices



Source : Reuters

Inventories have been depleting at a rapid pace in the SHFE

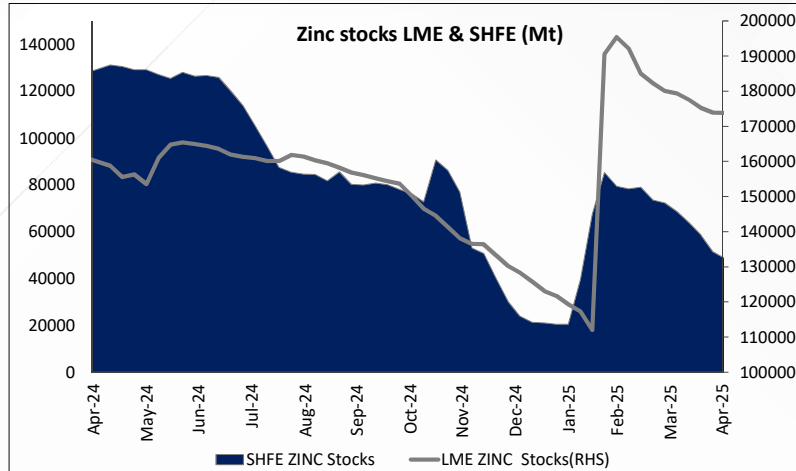


Source : Reuters

- Copper prices dipped 6% in April, as investor sentiments were rattled by U.S. announcement of reciprocal tariffs
- Prices fell to 13-month lows after U.S. and China announced tariffs of each other, reigniting fears of a global trade war and fueling concerns over an economic slowdown
- Prices recovered steadily due to a combination of factors, including the U.S. administration granting tariff exemptions on certain imported electronics
- ICSG expecting a hefty supply surplus of almost 500,000 metric tons over the course of 2025 and 2026- 289000 tonnes in 2025 and 209000 in 2026
- Meanwhile, the SMM Yangshan copper premium climbed to more than \$90/t, reflecting an improvement in domestic demand conditions and a rapid depletion of stockpiles
- Chile's copper exports to the U.S. surged 53% YoY in the first two months of 2025 as traders front-ran potential import tariffs, while exports to China dropped 57%
- China's copper exports surged 156% YoY in Q1 2025, with a major chunk shipped to the U.S. as Chinese smelters capitalized on record-high CME prices amid speculation over potential U.S. tariffs
- China's refined copper imports rose 12% YoY in March, driven entirely by sustained inflows from the DRC and a notable resurgence in shipments from Russia
- Copper prices remain supported by positive market sentiment and a weakening dollar ; however, the lack of direction in the trade dispute caps gains and may keep prices choppy.

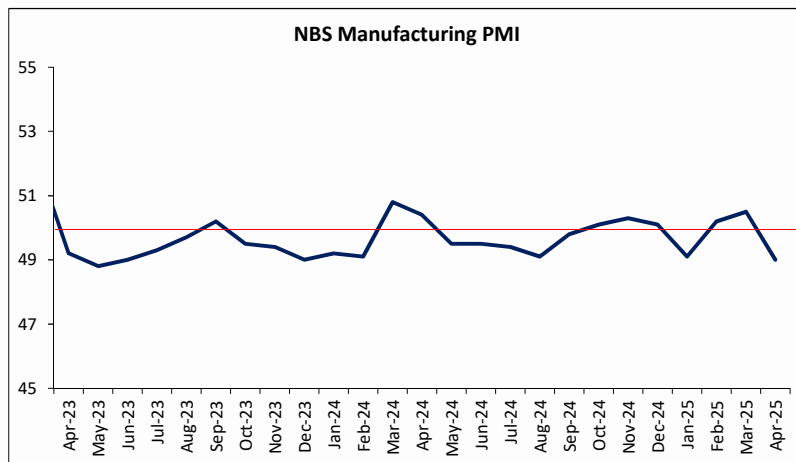
Base Metals- Zinc

LME inventories falling at a greater pace than SHFE



Source : Reuters

Manufacturing PMI cracks below 50

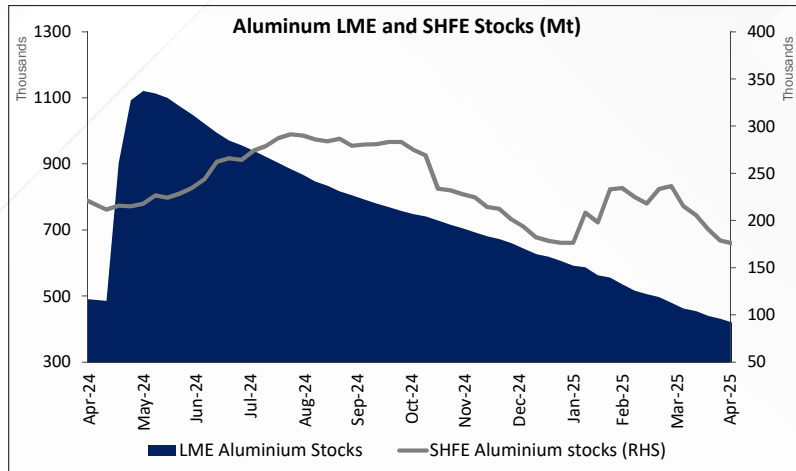


Source : Reuters

- Zinc prices were heavily depressed, dropping 10% MoM in April due to weak demand and record-low treatment charges
- The ILZSG estimated global refined zinc supply to exceed demand by 93,000 mt in 2025
- The global zinc market moved to a surplus of 25,523 tons in January–February 2025, and consumption fell 3% YoY in February 2025
- Escalating tariff policies and concerns about a global manufacturing slowdown have reduced risk appetite, exerting pressure on prices.
- China raised tariffs on U.S. imports from 84% to 125%, to which the U.S. retaliated by increasing tariffs on Chinese imports up to 245%
- China's zinc concentrate imports rose 33% YoY between January and February 2025.
- European zinc mine production fell 4% YoY in February 2025.
- LME zinc inventories dropped 23% YTD to 179,325 tonnes, while SHFE zinc inventories increased 70% YTD to 51,378 tonnes in April
- NBS Manufacturing PMI fell to 49.0 in April 2025, below market expectations of 49.8
- Uncertainty regarding U.S.-China tariffs has dampened zinc demand, further pressuring prices; however, any positive developments on tariffs may support prices.

Base Metals- Aluminium

Inventories have been depleting at a steady pace



Source : Reuters

Aluminum Tariffs		
Period	Tariff Rate on Aluminum	Policy Basis
Pre-2025	10%	Section 232 (National Security)
Early 2025	Increased to 25%	Applied broadly to most countries, effective since 2018
April 2025 Tariffs	No change (remains 25%)	Revised Section 232 act ios, citing critical material concerns

Source : Reuters

- Aluminium prices declined by 5% in April 2025 following a drop in raw material costs and concerns surrounding tariffs
- Alumina prices fell due to expectations of a significant increase in China's production capacity this year and a relaxation in previously tight bauxite supply conditions
- LME aluminium short positions more than doubled by mid-April; however, prices recovered on the back of short-covering amidst growing optimism regarding easing trade tensions between the U.S. and China
- LME aluminium inventories dropped 34% YTD to 419,575 tonnes, while SHFE aluminium inventories dropped 11% YTD to 178,597 tonnes in April.
- Global aluminium consumption declined 5% YoY in February, while China's primary aluminium production fell 9% MoM in February
- Aluminium demand in March, particularly from the photovoltaic (solar) sector, remained strong due to favorable policy changes but moderated in April
- President Donald Trump signaled openness to easing Chinese tariffs, while China exempted certain U.S. goods from its 125% levies.
- However, a clear direction is still missing, keeping aluminium prices pressured in the short to medium term.

Copper

Current Month Stance: **Range Bound**

Daily Chart



Zinc

Current Month Stance: **Sideways to Negative**

Daily Chart



Aluminium

Current Month Stance: **Negative**

Daily Chart

Stance: Continued selling is anticipated until 224, and a drop below that level could lead to a further decline towards 215.

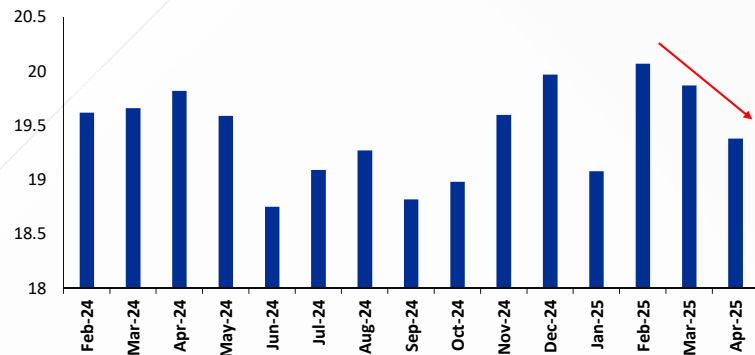


Negation: The bearish view will get negated if prices close above 239 level

Crude Oil

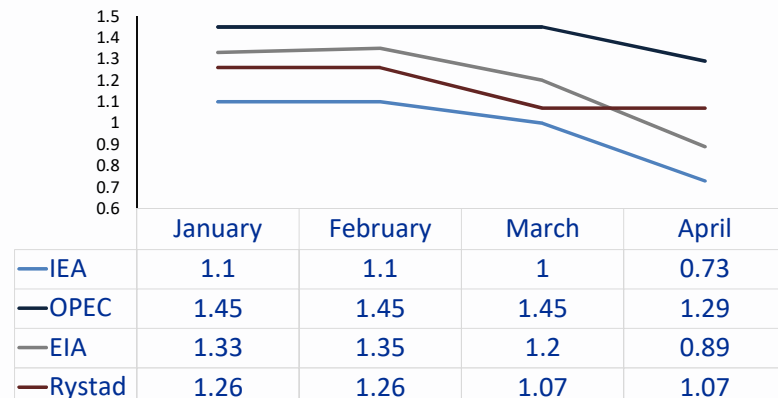
OPEC exports decrease despite the production increase

OPEC exports(MMbpd)



Demand growth estimate for 2025 has been revised down

Demand Growth(Mbpd)

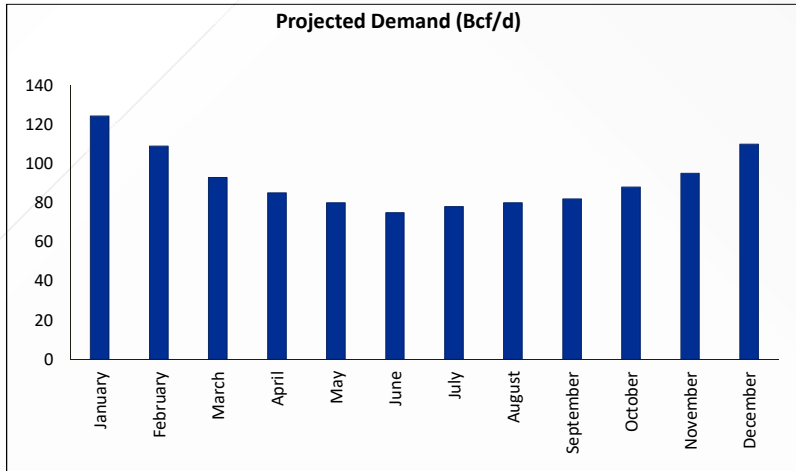


Source : Reuters

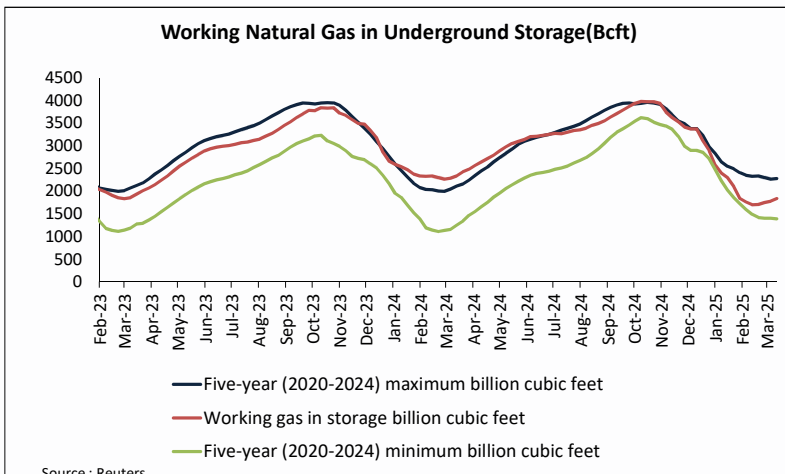
- Oil prices remained on wild ride this month, ending last month by ~12% lower, amid persistent concerns over weaker demand, especially in face of a bitter U.S.-China trade war
- There are some signs emerging for a negotiation to happen on trade war front, but the timings, the path for sector wise tariff removal still remains unknown
- The downturn has been further exacerbated by OPEC's decision to ramp up production more quickly than anticipated, reigniting fears of an oversupply in the market.
- Three countries account for the bulk of the cheating: Iraq, Kazakhstan and UAE are overproducing (on a combined basis) ~1.2 million b/d above their official output target
- OPEC+ surprised the market by increasing supply by 411k b/d in May, more than the 138k b/d planned as demand estimates are being cut amid ongoing trade tensions
- Further disagreement between OPEC+ members is a clear downside risk, as it could lead to a price war
- Participants sentiments suggest that OPEC+ has abandoned market management or is trying to flood the market, but they do not appear to have any intention of doing so
- Geopolitical factors, including potential progress in US-Russia talks on Ukraine and Iran's openness to nuclear negotiations, are influencing the oil market's bearish trend.
- Gasoline inventories are under 3% under seasonal norms with Diesel remaining 13% below 5-year average
- Oil prices are expected remain rangebound as market lacks clarity on various events and is looking for a strong trigger to move alongside.

Natural Gas

Subdued consumption in heating season



Heating demand seasonal slowdown



- Natural gas prices tumbled as higher production and warm weather, driven weak demand continue to pressure prices
- The market is in a "shoulder season" between winter heating and summer cooling, which typically results in subdued consumption
- The warm weather across much of United States can limit the consumption of natural gas for space heating, leading to less natural gas being withdrawn from storage
- Prices have eased also thanks to the European Union member states agreeing to give more flexibility to the natural gas storage goals
- LNG export remain main source of support, with U.S. LNG exports, expected to hit a record of 16.1Bcfd in coming month.
- Inventories were now 19.7% lower than a year ago and 2.1% below the five-year average, suggesting some underlying support for prices at lower end, to not slip lower
- Working gas inventories have been refilling since March 7, the earliest start in records going back to 2010, and compared with an average start around March 31 in the last ten years
- Early injections into underground storage have eased concerns about a challenging refill season this summer and taken some of the heat out of futures prices since the start of the month
- Prices are expected to stay lower as milder weather and higher prices have slashed consumption by homes, businesses and electricity generators

Crude Oil

Current Month Stance: **Range Bound**

Daily Chart



Natural Gas

Current Month Stance: **Positive**

Daily Chart



Economic Events- May 2025

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
-	-	-	1 BoJ Interest Rate Decision JP Initial Jobless Claims US ISM Manufacturing PMI (Apr) US	2 Fed's Balance Sheet US S&P Global Mfg. PMI INR CPI EU Average Hourly Earnings US Manufacturing Payrolls US Factory Orders US
5 ISM Non-Manufacturing PMI (Apr) US ISM Non-Manufacturing Prices (Apr) US	6 PPI (YoY) (Mar) EU	7 Retail Sales (YoY) (Mar) EU Fed Interest Rate Decision US	8 BoE Interest Rate Decision (May) GBP	9 Trade Balance (USD) (Apr) CNY
12 CPI (YoY) (Apr) INR	13 Unemployment Rate (Mar) GBP CPI (YoY) (Apr) US	14 WPI Inflation (YoY) (Apr) INR OPEC Monthly Report US	15 GDP GBP Manufacturing Production UK Trade Balance (Mar) GBP GDP EU Industrial Production EU Core Retail Sales US Retail Sales US Industrial Production US	16 GDP (YoY) (Q1) JP Industrial Production (MoM) (Mar) JP Trade Balance (Mar) EU
19 Industrial Production (YoY) (Apr) CNY Chinese Industrial Production YTD (YoY) (Apr) CNY Retail Sales (YoY) (Apr) CNY	20 Industrial Order Expectations UK	21 Trade Balance JP	22 Manufacturing PMI JP	23 Retail Sales UK
26 United States - Memorial Day	27 Core CPI JP	28 OPEC Meet	29 Home Sales U.S.	30 Personal Spending US

Central Bank Policies

Central Bank Policies					
Central Bank	RBI	FED	BOJ	BOE	ECB
Date of Policy	9th April, 2025	19th Mar, 2025	23-24th Jan, 2025	20th March, 2025	17th April, 2025
Next Policy meet	6th June, 2025	7th May, 2025	1st May, 2025	8th May, 2025	5th June, 2025
Current Interest rate (%)	6.00%	4.25%- 4.5%	0.50%	4.50%	2.40%
Stance	Cut	Pause	Pause	Pause	Dovish Cut
Key highlights of the meeting	<ul style="list-style-type: none"> Repo rate was cut by 25bps to 6 % The central bank shifted its stance to accomodative from neutral Trump tariff implications is one of the key reasons for RBI MPC changing its stance MPC noted that inflation outlook improved on lower food prices and lower crude prices RBI cut GDP estimates by 20 bps 	<ul style="list-style-type: none"> Central bank kept interest rates unchanged Fed Chair highlighted tariffs may reduce growth and increase inflation Fed also slowed its QT program, reducing Treasury debt roll GDP forecast for 2025: 1.7% (previous 2.1%) Core PCE projected at 2.8% (previous 2.5%) Unemployment forecast for 2025: 4.3% (previous 4.4%) 	<ul style="list-style-type: none"> BOJ maintained interest rates at 0.5% Gov. Ueda warned of heightened global economic uncertainty Timing of further rate hikes to dpeend kargely on potential US tariff implications Rising food costs and stronger-than-expected wage growth could push up underlying inflation 	<ul style="list-style-type: none"> Bank Rate was kept unchanged at 4.5% instability caused by Trump's tariffs played a factor and the fact that wages and prices are 'somewhat elevated'. The MPC signals they take a meeting-by-meeting approach The BoE forecasts inflation to reach 3.75% by Q32025 	<ul style="list-style-type: none"> ECB delivered 25 bps cut which was widely expected the ECB no longer described its policy stance as restrictive, from "less restrictive" earlier ECB said the growth outlook had deteriorated, and noted slowing in headline and underlying inflation Inflation is forecasted at 2.3% from 2.1% earlier
Currency Impacted	USDINR(₹)	Dollar Index(\$)	USDJPY(¥)	GBPUSD(£)	EURUSD(€)
Impact on Currency	Neutral	Neutral	Positive	Neutral	Negative
Impact on Gold	Neutral	Positive	Neutral	Positive	Neutral

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Mr. Ashish Rajodiya: Technical Analyst

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