Commodities Canvas

MONTHLY REPORT, AUGUST 2025, 110th EDITION

Contents

Commodity Returns

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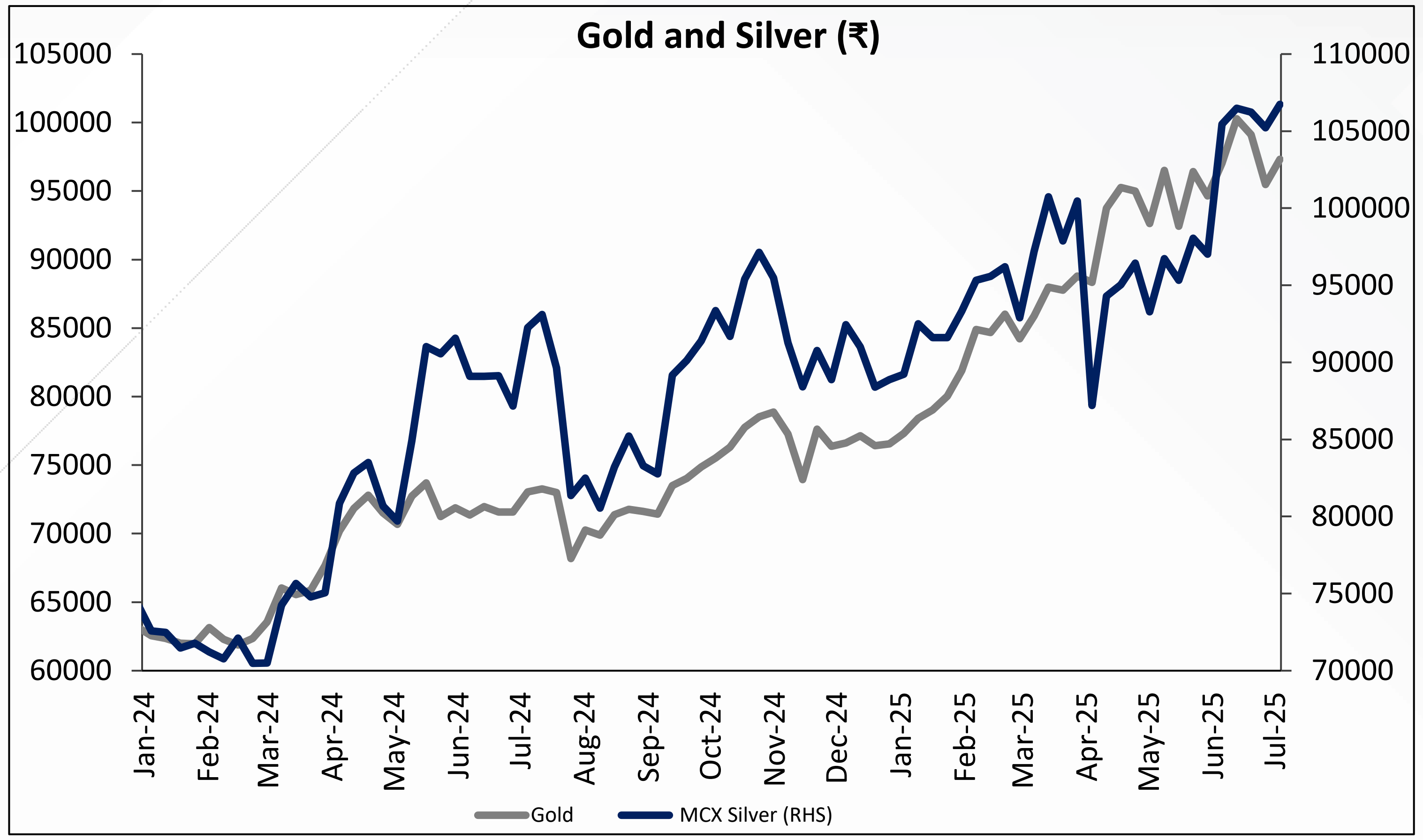
Wealth Management

Commodity	Closing price (01/08/25)	1 week	1 month	1 Year	YTD	Analysis
Gold (₹)	99754	2.0%	2.8%	28.7%	29.7%	Dwelling in a broader range
Gold ($)	3362	0.8%	-0.4%	25.3%	28.1%	Hovering in a consolidation phase
Silver (₹)	110258	-2.5%	3.5%	26.1%	27.2%	Markets bounce back after testing lower zones
Silver ($)	37.02	-3.0%	1.7%	27.0%	28.4%	Surge after testing lower range
Crude Oil (₹)	5887	4.2%	8.4%	-1.9%	-4.8%	Prices have rebounded, indicating positive shift in the momentum
Natural Gas (₹)	270.3	0.8%	-7.9%	-14.2%	-14.3%	Relief rallies are followed by a sharp sell-off
Copper (₹)	879.7	-1.9%	-2.1%	10.5%	10.6%	Dip based buying seems favorable followed by a swift recovery
Zinc (₹)	262	-2.2%	2.8%	-5.0%	-7.6%	Relief rally seems likely to continue going forward
Aluminium (₹)	249.6	-1.8%	0.7%	3.5%	-1.3%	Near term trend turns bullish initiating fresh leg of rally
Lead (₹)	1963	-2.3%	-3.5%	-1.6%	1.6%	Choppy market
Dollar index	98.91	1.0%	3.4%	-8.4%	-9.0%	Price action heads lower, breaking 36-month lows

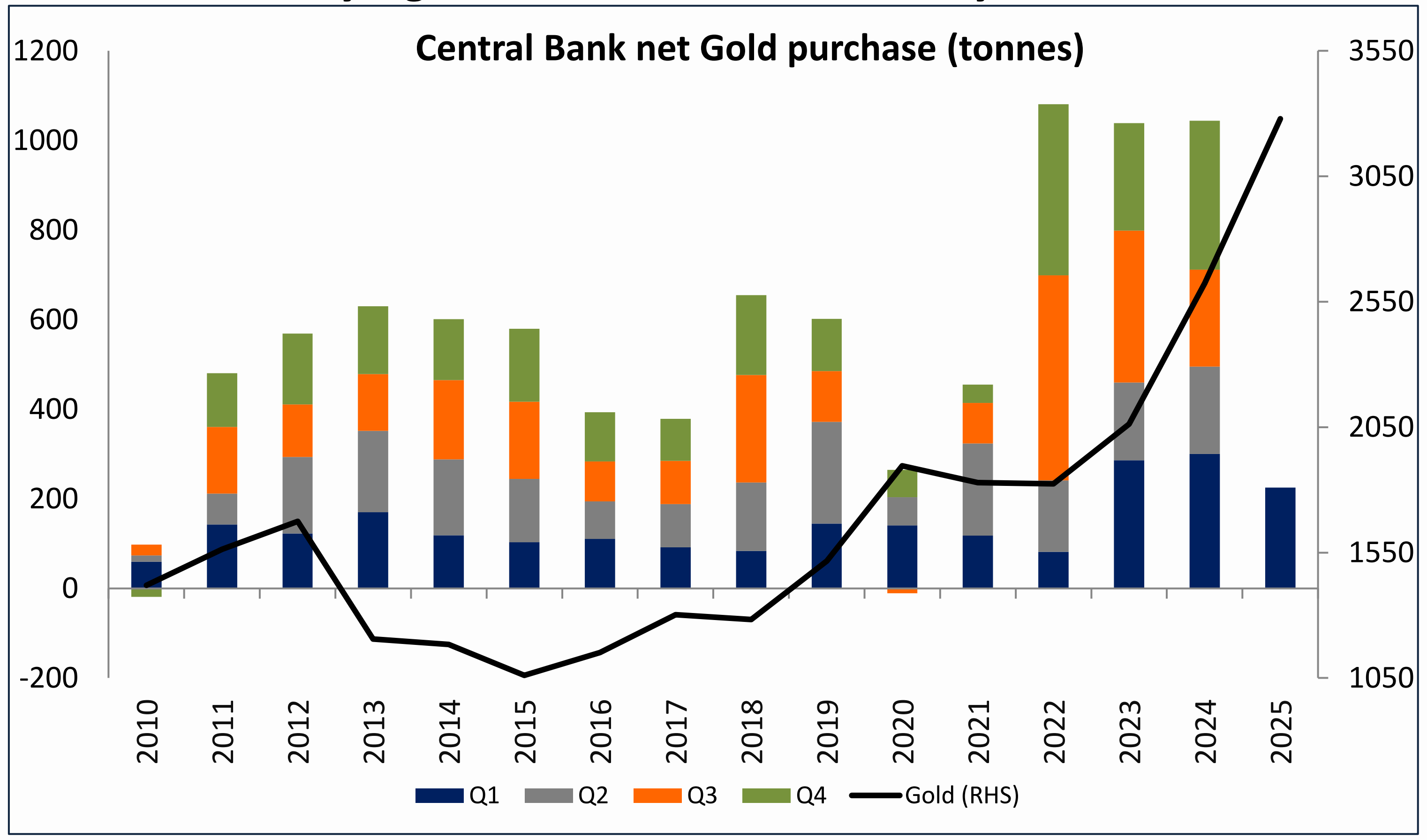
Precious Metals

Gold and Silver continues to soar



Source : Reuters

Central Bank buying in Q1 lower than last two years



Source : Reuters

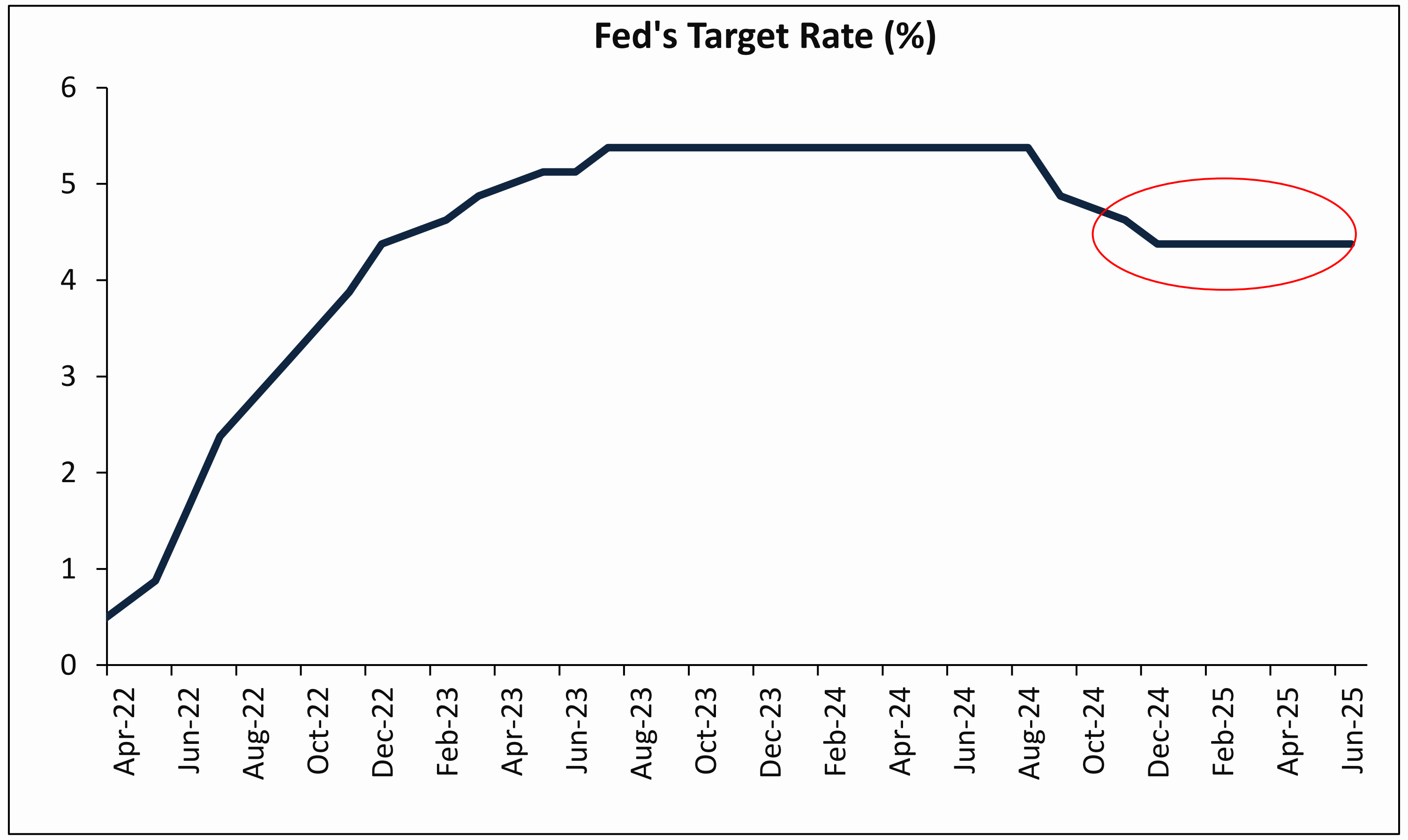
- Gold continued to trade in a broad range, while silver continued to inch higher for much of the month
- Silver surged to an all-time domestic high above ₹1,15,000 and highest COMEX level since 2012 near $40
- Iran-Israel ceasefire brokered by President Trump reduced geopolitical risk premiums
- President Trump announced multiple tariff changes, including on copper imports and Brazilian goods
- US has imposed tariffs on EU, Japan, Indonesia and has also mentioned the deadline of August 1 will not be extended
- U.S. and EU reached a framework trade agreement with 15% tariffs, significantly lower than initial threats, helping avert a broader trade war
- Fed officials delivered mixed signals on rate cuts; some indicated imminent easing while others urged caution amid inflation risks
- Fed Chair Powell in policy meeting, maintained a cautious "wait-and-see" stance ahead of upcoming testimony
- Rumours regarding President Trump firing Powell added layers of uncertainties
- Weaker U.S. dollar helped limit gold losses despite lower safe-haven demand
- USDINR inched higher once again towards end of last month, hovering close to all-time highs
- Recent economic data points did show some strength in economy, however, lower jobs data is pushing for rate cuts this year

Precious Metals

Gold/Silver ratio stable near recent lows

Source : Reuters

Fed keep interest rates steady; despite President Trump's pressure



Source : Reuters

- India's gold imports fell to a two-year low in June amid high prices and subdued demand
- Gold ETF flows remained stable, reflecting cautious investor sentiment amid mixed signals
- Central bank gold demand remained healthy at 166t in Q2, but at 33% lower q/q, it was the second consecutive quarter during which demand has slowed
- Silver rally was supported by strong industrial demand and robust ETP inflows in June and July
- In the first half of 2025, silver-backed ETPs saw net inflows of 95 (Moz) globally — already surpassing inflows for all of 2024
- IMF revised their global and US growth forecast on higher side
- Gold/Silver Ratio fell significantly last month, hovering around 88
- Both Gold and Silver could trade with a positive bias.

Gold

Current Month Stance: Positive

Daily Chart

Stance: Prices are expected to rise towards the projected range of 1,04,000 to 1,06,000, supported by continued buying interest. A buy is advised only if the price crosses above 1,00,700.

Negation: The bullish outlook will be invalidated if prices close below the 97000 level.

Silver

Current Month Stance: Positive

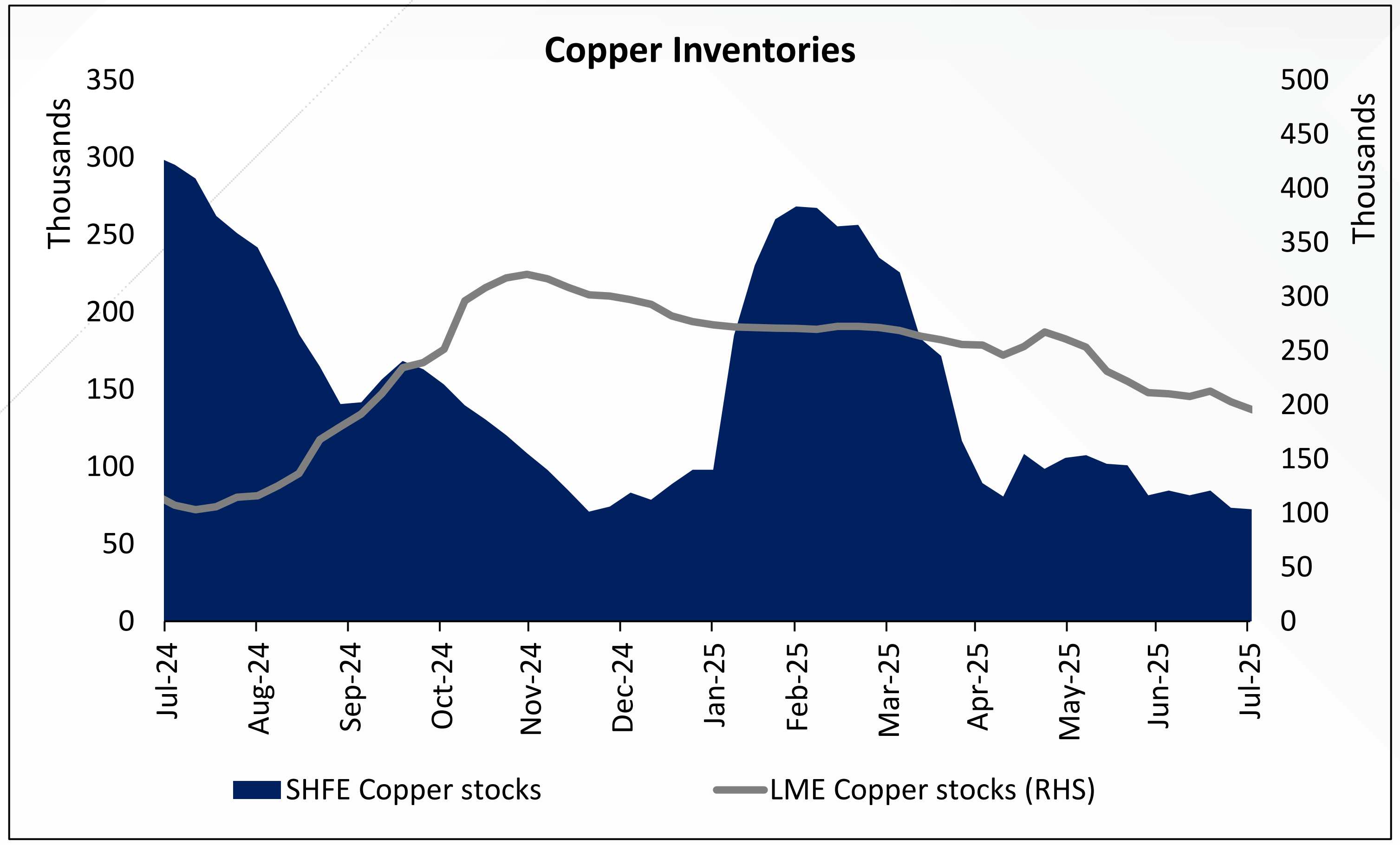
Daily Chart

Stance: Prices are expected to move higher towards the projected target of 1,20,000, supported by continued buying momentum. Buying is advised on declines towards the 1,08,000 level.

Negation: The bullish outlook will be invalidated if prices close below the 102000 level.

Base Metals- Copper

Inventories have been depleting at LME and SHFE



Source : Reuters

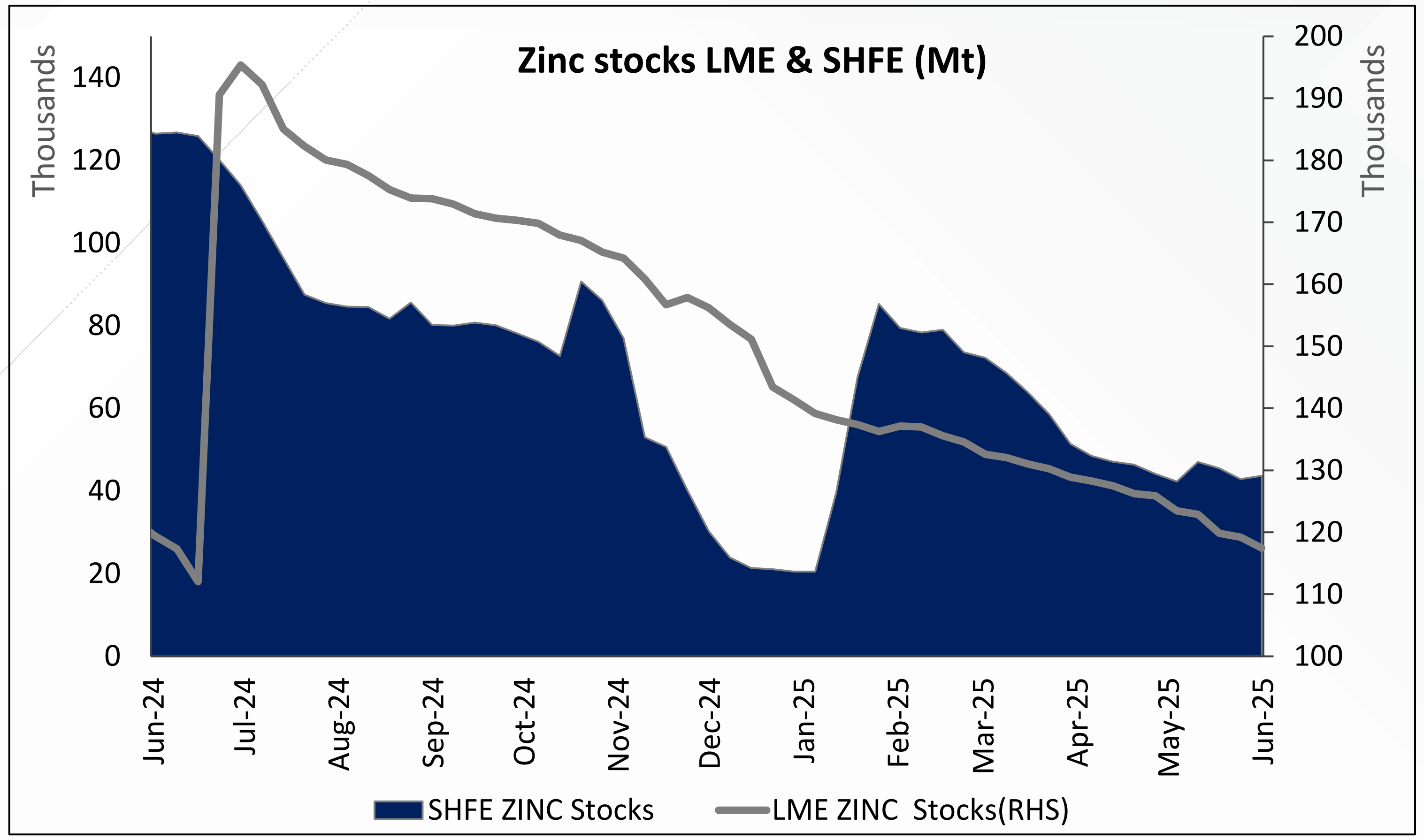
Premium of COMEX over LME crashes after tariff announcement

Source : Reuters

- MCX Copper prices dipped 2% in July, erasing prior gains, amid heightened volatility after Trump announced 50% tariffs on semi-finished copper products
- Initial support came from improved market sentiment and stronger-than-expected China GDP and industrial output data
- US copper markets tumbled over 20% due to tariff fears, while LME prices also fell on a knee-jerk reaction
- Premium of copper COMEX over LME crashed to 2% which was over 20% since June, after the tariff announcements
- Risks remain of future tariffs on refined copper, with the US Commerce Dept proposing phased tariffs: 15% in 2027 and 30% in 2028
- People's Bank of China held key lending rates steady, maintaining an accommodative stance
- LME copper stocks declined 7% and SHFE declined 10% in July
- The global refined copper market posted a 98,000-tonne deficit in May compared with a 66,000 tonnes surplus in March (ICSG)
- However, a preliminary surplus of 272,000 tonnes was recorded over the first five months of 2025
- Copper output in top producer Chile fell 6% YoY in June, while demand concerns lingered as China's manufacturing activity contracted in July
- Overall, copper prices could remain supported by strong consumption story, but any significant rise in Asian inventories could cap gains.

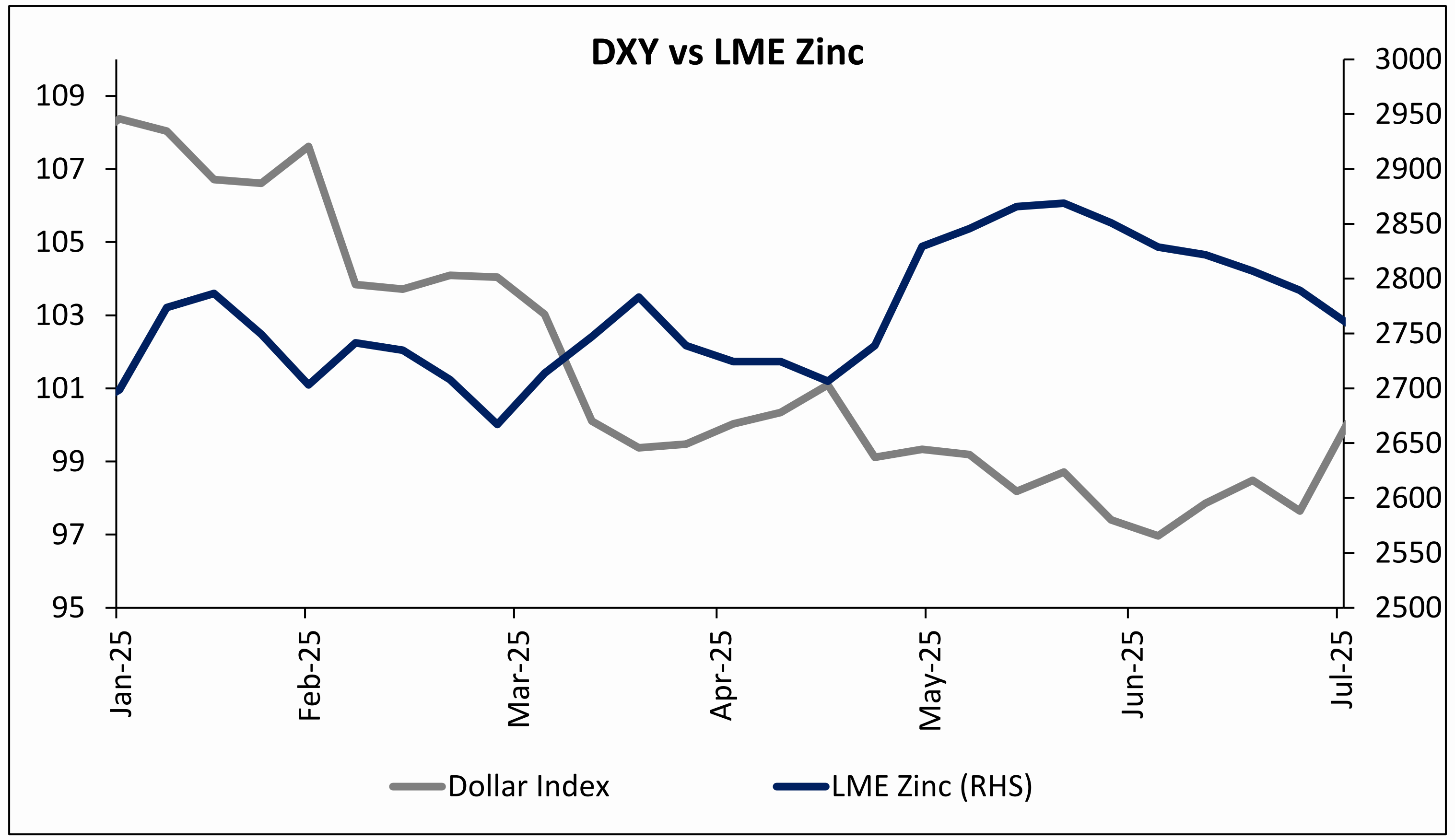
Base Metals- Zinc

Inventories continue to fall at a steady pace



Source : Reuters

Strengthening DXY pressuring prices, reversing last months trend

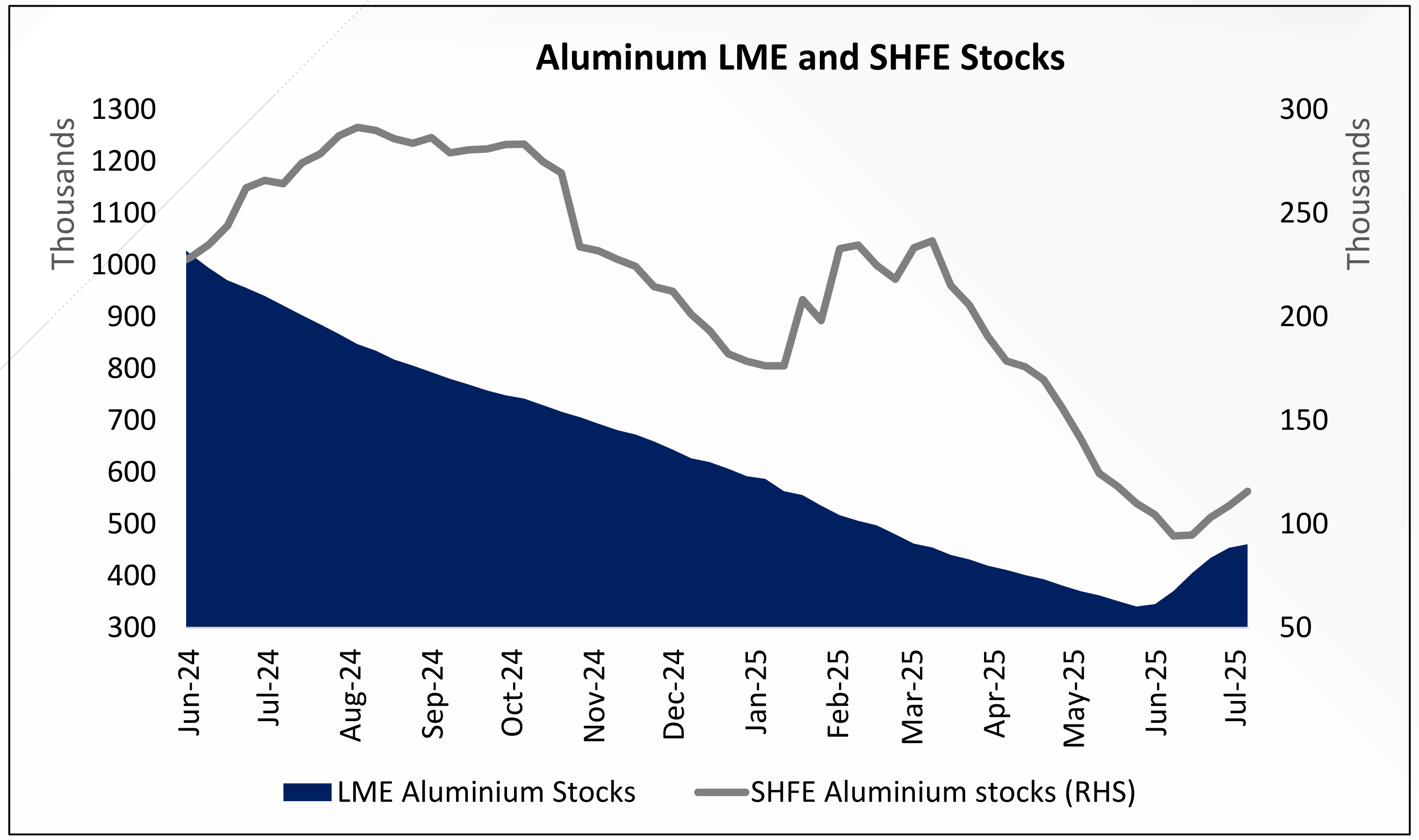


Source : Reuters

- MCX Zinc prices rose ~3% in July, marking the third straight monthly gain
- LME zinc stocks fell almost 10% in July to 104800 tonnes, offering support to prices
- China's industry ministry pledged to stabilize growth in key sectors such as machinery, autos, and electrical equipment
- The market shifted to a 44,100-tonne deficit in May, from a 17,300-tonne surplus in April (ILZSG)
- Yet, a cumulative surplus of 88,000 tonnes was reported for Jan–May 2025
- China's refined zinc output in June rose 6% MoM and 7% YoY due to post-maintenance recovery, despite regional weather-related disruptions
- Smelters face pressure to curb output amid oversupply and weak demand, especially in South China affected by heavy rains
- Zinc concentrate production at the Red Dog mine reached 136,600 tonnes for Q2, slightly lower YoY
- Prices surged mid-July due to tight inventory, warrant cancellations, and speculative buying
- While positive demand story may support prices, a stronger dollar could limit further upside.

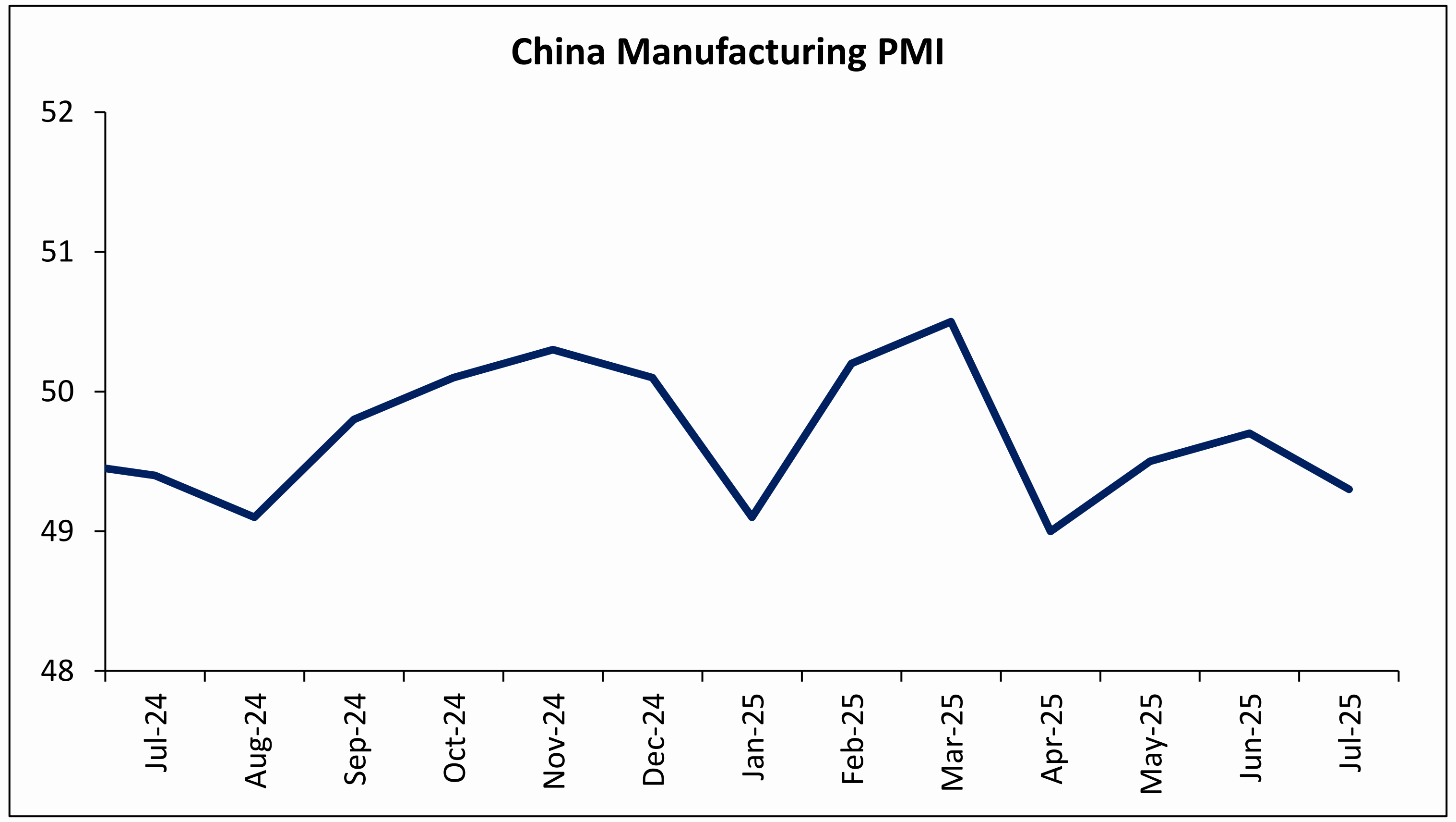
Base Metals- Aluminium

Inventories have been increasing at both warehouses



Source : Reuters

China Manufacturing PMI contracted in China



Source : Reuters

- MCX Aluminium prices inched up ~1% in July underpinned by slight supply woes and hopes of improved demand from both China and Europe
- June output dipped by 3.23% MoM, although cumulative output for the first half of the year still rose by 3.3% YoY to 22.38 million tonnes
- Output from China was due to slow this year as the current production pace is bound by the annual cap of 45 million tons, initially mandated to aid carbon emission targets
- This coincided with expectations of higher demand in Europe as EU members signaled they will expand defense goods production
- Supply for European factories is already limited due to sanctions of major producer Russia
- Market sentiment improved with China's commitment to industrial support, including a CNY 1.2 trillion hydroelectric dam project
- China produced 3.81 mmt aluminium in June 2025, up 3.4% YoY; H1 output rose 3.3% to 22.38 mmt.
- Global bauxite supply remained uncertain due to tensions between Guinea's government and Emirates Global Aluminum, threatening mining licenses
- Although, recent Chinese data showed manufacturing activity contracted in July
- Aluminium prices are expected to stay supported by steady long-term demand support and mild supply risks.

Copper

Current Month Stance: Positive

Weekly Chart

Stance: Prices are expected to move up toward the 910–930 range due to continued buying interest from the support zone. Buying is advisable on dips near the 870 level.

Negation: The bullish outlook will be invalidated if prices close below the 860 level.

Zinc

Current Month Stance: Sideways to Positive

Daily Chart

Aluminium

Current Month Stance: Positive

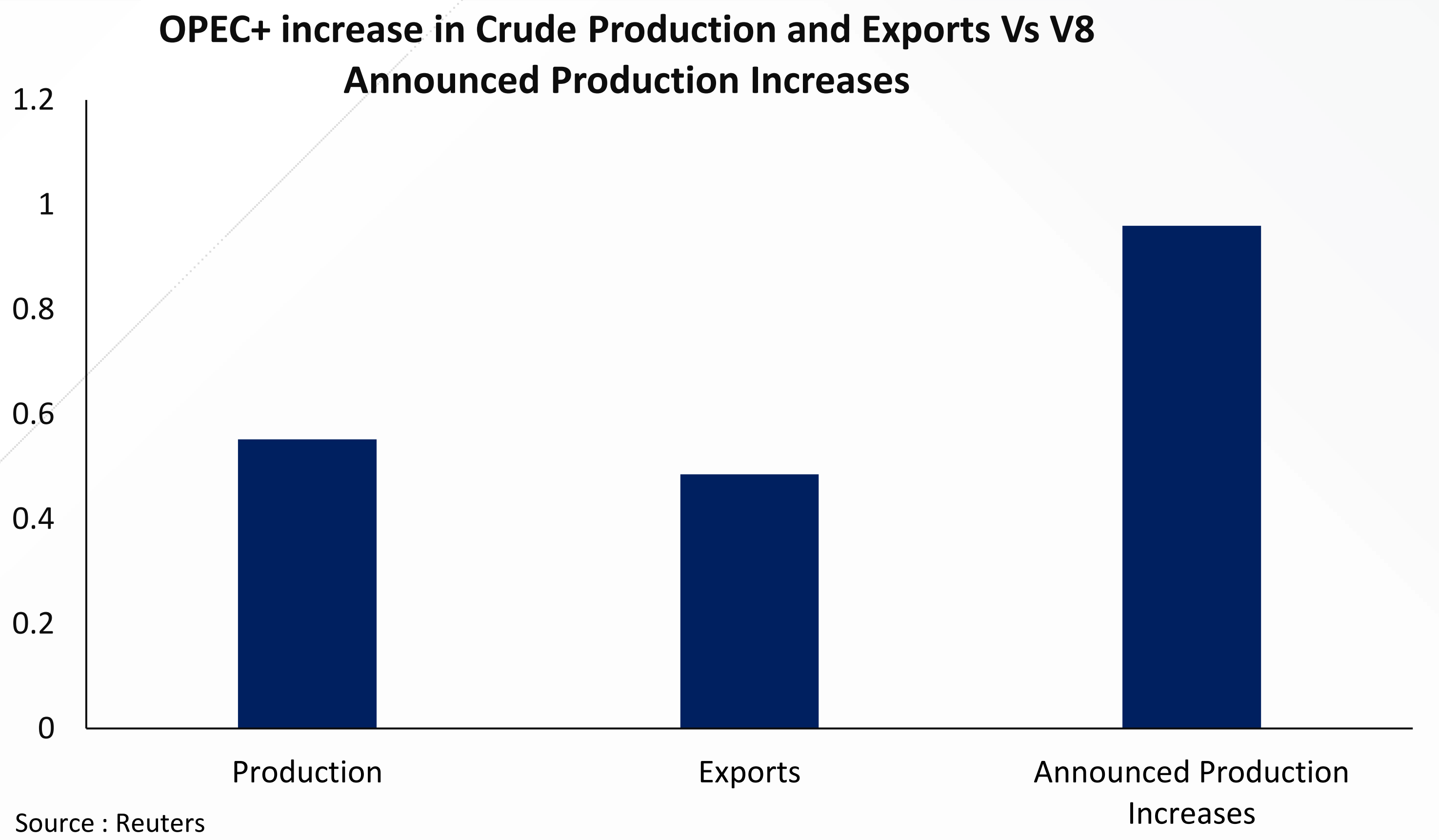
Weekly Chart

Stance: Prices are expected to head towards the 262–265 range, supported by continued buying from lower levels. Buying on dips near 245 is advisable.

Negation: The bullish view will be negated if prices close below the 238 level.

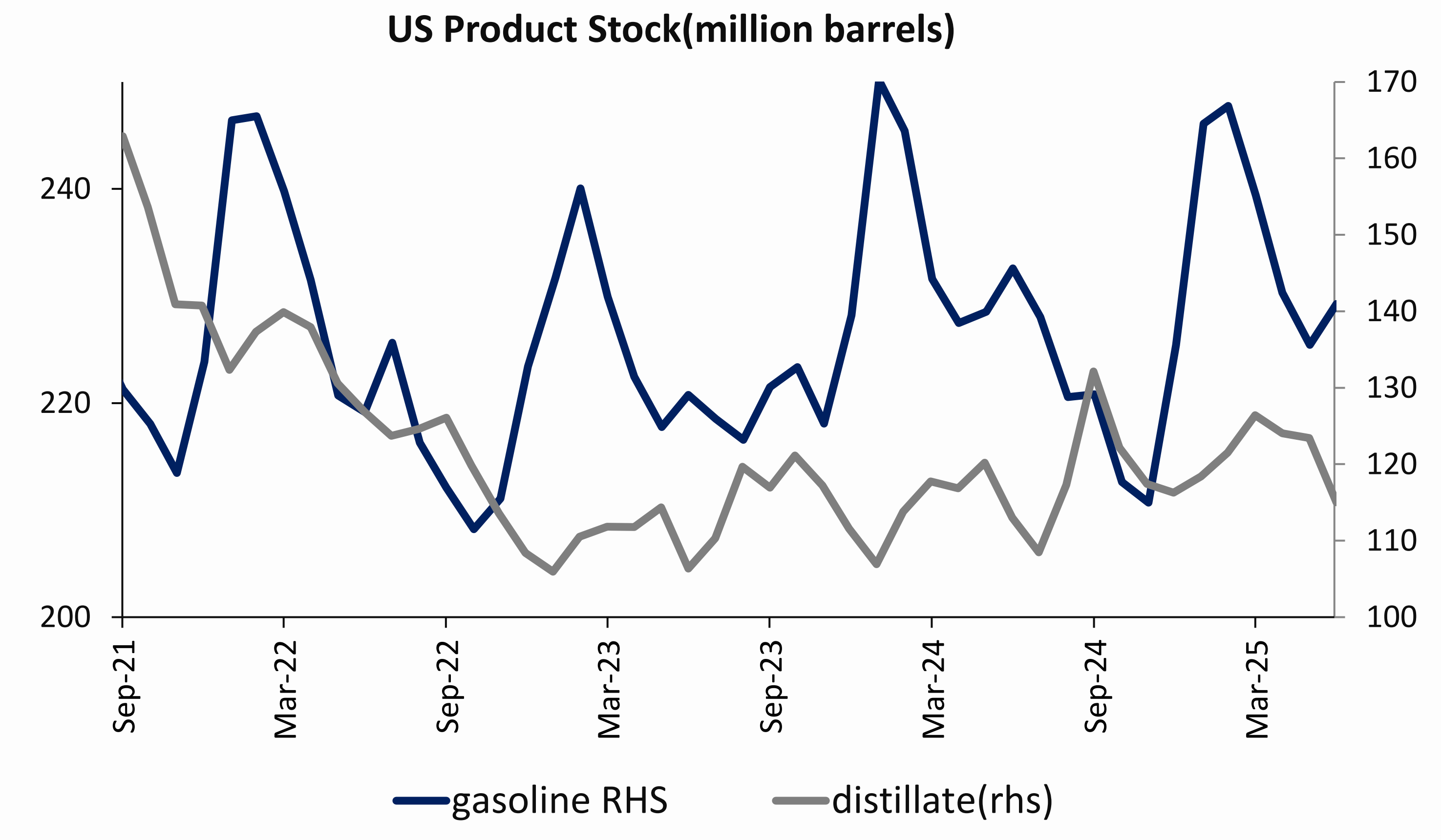
Crude Oil

OPEC+ expected to halt the humongous increase in output



Source : Reuters

Summer demand leading to inventories at lower levels

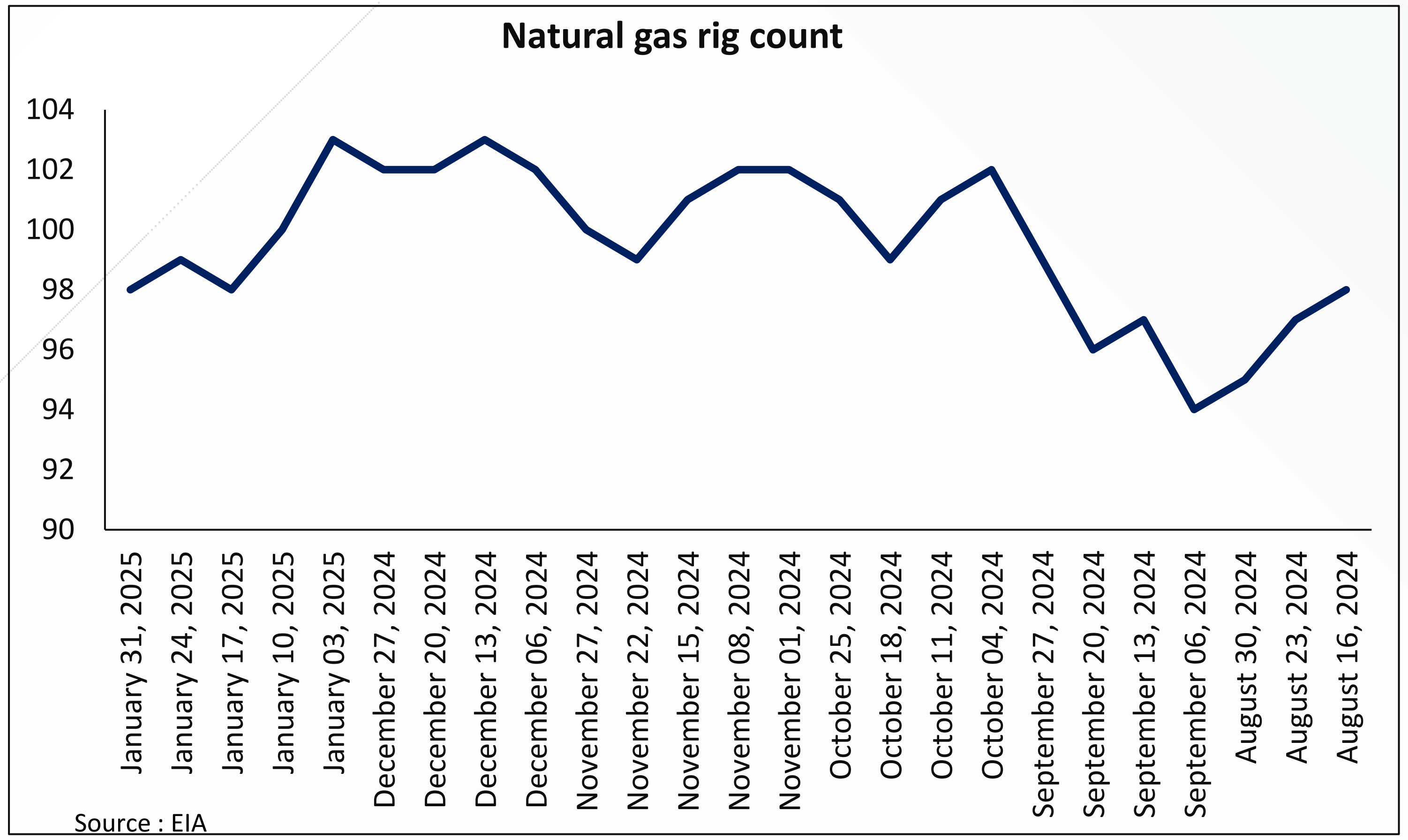


Source : Reuters

- Oil prices ended last month on a positive note, supported by stronger-than-expected U.S. economic data and increasing concerns over supply risk due to sanctions.
- Trade war relief also boosted oil prices, as U.S. and EU reached a trade agreement that, imposing a 15% import tariff on most EU goods, averted a full-blown trade war
- Agreement with Japan includes a reduction in proposed tariffs from 25% to 15% on Japanese imports and secures a $550 billion Japanese investment in U.S. economy
- President Trump issued a warning to Russia of secondary sanctions if the Russia-Ukraine war is not resolved, raising risks for supply disruption
- Global economic growth estimates remain weak, with IMF forecasting only 3% growth for global economy, and several ratings agencies projecting bearish estimates for 2025
- On demand front, India's fuel consumption in June fell 4.7% MoM, with refinery runs remaining lower due to declining demand for oil during the Monsoon season
- China remains a major drag on demand; while oil imports inched up from an 18-month low, most imports are re-exported as products, keeping domestic consumption weak.
- Market sentiment remained cautious as U.S. prepares to allow Chevron and other firms to resume limited operations in Venezuela, potentially adding over 200,000 Bpd to global supply
- OPEC+ decision to hike output by 5,48,000 bpd in Sept. is three times faster than the 18 month plan
- Short term pressure could continue to be there, however medium term trend remain positive

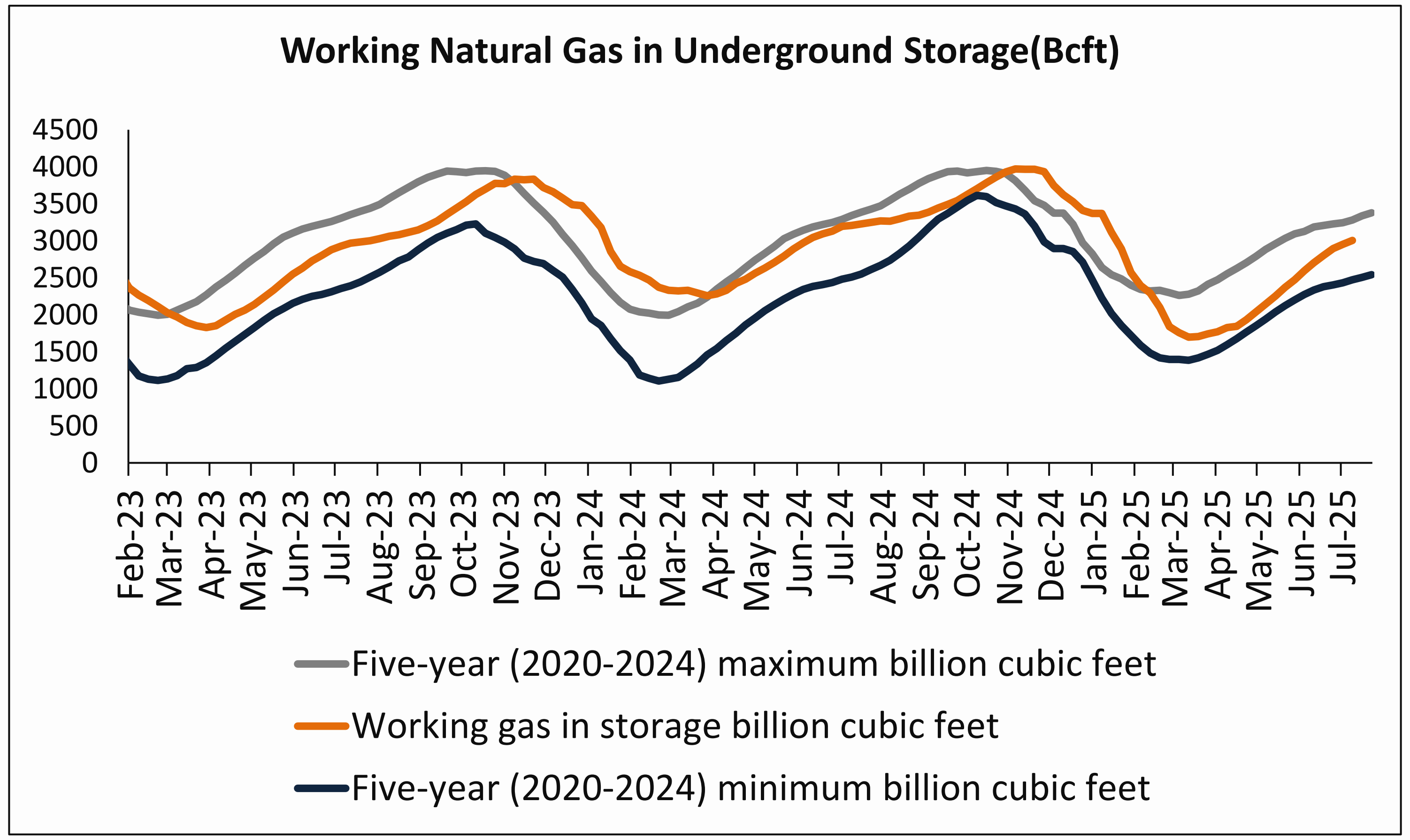
Natural Gas

Supply increase in lower 48, a major concern



Source : EIA

Seasonality weakness



Source : Reuters

- Natural gas prices saw volatile month, with prices ending 11% lower as mixed weather forecast, heat wave seen fading and production is increasing
- Increase in U.S. production (daily output averaging 107.5–108.1 bcfd, a record) also pressurized prices
- Forecasts of hotter-than-normal August weather led to late-month rebound in prices as power sector demand (for air conditioning) surged
- On Supply side, expectations for higher US production are also weighing on prices after report showed that number of active US gas drilling rose to nearly 2-year high of 122 rigs
- Natural gas inventories were +5.9% above their 5-Yr seasonal avg, signalling adequate natural gas supplies
- Europe gas storage meanwhile were 66% full, compared to the 5-year seasonal average of 74% full for this time of year
- On coal- Natural gas ratio front, coal is now preferred over natural gas as higher prices have led to shift, lowering demand
- Power demand remains weak on account of more usage of renewable sources, with coal preferred over gas on account of higher gas prices
- Geopolitical tensions (notably US-Russia and US-EU energy policy) and new US-EU energy pacts remains uncertain
- Prices are expected to stay lower as the catalyst include a growing storage surplus, expectation that current heatwave will subside, and a seasonal shift as market enters peak of hurricane season

Crude Oil

Current Month Stance: Sideways

Weekly Chart

Stance: We expect prices to remain within a broad range of 5200 to 6200.

Negation: : A decisive move above 6200 or below 5200 could determine the next directional trend

Natural Gas

Current Month Stance: Negative

Daily Chart

Stance: Prices likely to decline towards the 255–245 zone amid sustained selling pressure. It is recommended to sell on any rise near the 280 level.

Negation: The bearish outlook will be invalidated if prices close above the 300 level.

Economic Events- August 2025

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
4 Factory Orders (MoM) (Jun) US	5 Monetary Policy Meeting Minutes JP Services PMI JP Caixin Services PMI CN S&P Global Services PMI IN Eurozone Services PMI EU Global Services PMI UK Trade Balance US Global Services PMI US	6 Interest Rate Decision INR Retail Sales (MoM) (Jun) EU	9 Trade Balance (Jul) CN Cash Reserve Ratio INR Interest Rate Decision UK Initial Jobless Claims US	10 Household Spending JP BoJ Summary of Opinions JP
11 Japan - Mountain Day	12 Claimant Count Change GBP CPI INR OPEC Monthly Report US CPI US Cleveland CPI US Federal Budget Balance US	13 PPI (YoY) (Jul) JP	14 GDP UK Industrial Production UK Manufacturing Production UK Trade Balance GBP WPI Inflation INR GDP EU Industrial Production EU	15 India - Independence Day GDP JP Industrial Production CN Retail Sales CN Industrial Production JP Core Retail Sales US Retail Sales US Industrial Production US Manufacturing Production US
18 Trade Balance (Jun) EU	19 Building Permits (Jul) US Housing Starts (Jul) US	20 Trade Balance (Jul) JP Core CPI (YoY) (Jul) GBP	21 Natural gas inventory	22 No data
25 United Kingdom - Bank Holiday	26 Atlanta Fed GDPNow (Q3) US	27 India - Ganesh Chaturthi	28 No data	29 Atlanta Fed GDPNow (Q3) US

Central Bank Policies

Central Bank Policies

Central Bank	RBI	FED	BOJ	BOE	ECB
Date of Policy	6th June, 2025	30th July, 2025	31st July, 2025	19th June, 2025	24th July, 2025
Next Policy meet	6th August, 2025	17th September, 2025	19th September, 2025	7th August, 2025	11th September, 2205
Current Interest rate (%)	5.50%	4.25%- 4.5%	0.50%	4.25%	2.15%
Stance	Cut	Pause	Pause	Pause	Pause
Key highlights of the meeting	RBI cuts repo rate by 50 bps to 5.50% Inflation revised down to 3.7% from earlier 4% Near term & medium term outlook gives confidence on durable alignment with 4% target Growth estimated FY'25 at 6.5 pc and in FY26 growth remains strong FY26 GDP at 6.5%, Q1 is 6.1%, Q2 is 6.7%, Q3 is 6.6% & Q4 is 6.3% CPI inflation for FY26 revised to 3.7% versus 4% earlier	Fed held rates at current level Two officials dissented, favoring rate cuts Inflation remains elevated, especially from tariffs Powell says policy isn't holding back economy September rate decision will depend on data No clear commitment to future rate cuts.	BOJ kept short-term interest rate at 0.5% Core inflation forecast raised to 2.7% fiscal 2025 Trade deal with U.S. reduces economic uncertainty Underlying inflation still below 2%, expected to rise Food price pressures seen as inflation risk driver Rate-hike possibility remains data-dependent later this year.	• Bank of England kept its key interest rate on hold at 4.25% • The central bank's decision was slightly more dovish than expected • Six out of nine of the BOE's monetary policy committee opted to hold rates with three opting for a 25-basis-points cut. • The BoE raised its forecast for UK economic growth this year from 0.75% to 1%	ECB left key interest rates unchanged at 2% Inflation in eurozone stabilised at 2% target ECB adopts data-dependent, meeting-by-meeting approach Trade uncertainty, strong euro risk dampening growth Economy showed modest resilience; uncertainty still remains Markets expect ECB to hold rates through 2025.
Currency Impacted	USDINR(₹)	Dollar Index($)	USDJPY(¥)	GBPUSD(£)	EURUSD(€)
Impact on Currency	Neutral	Positive	Positive	Negative	Negative
Impact on Gold	Neutral	Negative	Neutral	Positive	Neutral

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