

## **Gold rises amidst rising COVID-19 Cases in ASIA and Crude falls on pessimistic demand outlook**

Gold prices continue to rise on the back of safe haven demand for yellow metal while risky assets like crude and base metals declined heavily in Wednesday's trading session. Inflation worries in the developed world, rising COVID cases in Asia, possibility of demand plunge for oil on account of lockdowns is keeping commodity markets volatile.

### **Gold**

Gold In yesterday's trading session, Spot Gold ended marginally higher by 0.07 percent to close at \$1869.6 per ounce as falling global equities and mounting inflation worries underpinned Gold prices; however, investors remained cautious ahead of the minutes of the U.S. Federal Reserve's recent policy meeting. However, the US FED officials stated that any adjustment in the monetary policy will only take place post a complete recovery in their labor market and higher inflation figures for a prolonged period. The bullion metal prices remained under pressure earlier in the week despite of the bets on potential inflations and a lower Dollar as the US Treasury yield recovered which shifted the investors away from the non-interest bearing Gold.

### **Crude Oil**

In yesterday's session, WTI Crude prices plunged over 3.2 percent closing at \$63.4 per barrel as inflation woes coupled with rise in the covid19 virus infected cases in Asia hampered the outlook for the global Oil market. Lower consumptions and falling demand from India's industrial segment due to the implacable pandemic and strict lockdown in many regions was a considerable headwind for the Oil prices. The fall in Oil prices was capped following a larger than expected withdrawal in the US Gasoline inventory and a lower than expected increase in US Crude inventories. As per data from the U.S. Energy Information Administration (EIA), gasoline inventories dipped over 2.0 million barrels surpassing the expected 0.9 million barrel decline whilst Crude inventories rose by 1.3 million barrels. Reports suggested developments in the US & Iran deal to limit the progress in the OPEC country's nuclear weapons. If the relations between US & Iran improve and US lifts the sanctions on Iran it might add to the global Oil supply which further pressured the prices. Oil prices found some support earlier in the week on optimism over revival in demand for Crude following the resumption in the US & European economies.

### **Base Metals**

Base metals traded lower across borders in yesterday's trading session as strengthening of the US Dollar amid potential inflation concerns overshadowed worries over disrupted supply from top producing region of South America and pushed the prices lower. Prices were further pressurized after China vowed to strengthen its management of commodity supply and demand to restrict the "unreasonable" surge in Commodity prices which further dragged the industrial metal prices lower. As per data from the General Administration of Customs, China's Aluminium imports surged for the second consecutive months in April'21 as traders took advantage of the spread between Shanghai and LME prices. Robust domestic demand sent Aluminium prices on the Shanghai Exchange higher in comparison to the LME prices which triggered a brief arbitrage opportunity in Mid-March'21. After reporting a 40 percent monthly increase in imports in the month of March'21, China's Aluminium purchases (which include primary metal and unwrought, alloyed Aluminium) in April'21 stood at 281139 tonnes i.e. up over 36 percent (mom).

### **Copper**

LME Copper plummeted around 4 percent to close at \$10001.5 per tonne as bets on potential inflation and China's move to cap the surge in Commodity prices pressured the red metal.