

Gold subdued; Crude settles higher on supply concerns.

GOLD

After putting an end to the recent weakness during the previous session, gold prices again slipped on the lower side, as the yellow metal ended with a marginal 0.19 percent cut to end at 1670.5\$ per ounce.

The US dollar held firm near to its all-time highs, while gold prices were flat as the probability of more aggressive interest rate increases by the US Federal Reserve dampened sentiment toward safe haven assets.

The dollar index was down 0.1%, but it was still close to a 20-years peak, reached on Thursday as a result of the U.S. central bank's 75-basis-point rate hike and its hawkish stance.

Following the U.S. Federal Reserve in the fight against inflation, which has been causing tremors in the financial markets and the economy, many central banks have also increased their interest rates this week.

Outlook:As central banks throughout the world maintain their stance on raising interest rates in order to bring inflation under control, pressure on gold prices is anticipated.

CRUDE

On Thursday, crude prices inched up, as both the benchmark crude indices gained over a percent. Brent gained 1.12 percent, whereas the NYMEX gained 0.66 percent, after the index saw a 2 percent cut in the previous day.

Oil prices which have been under constant pressure, witnessed an uptick during the previous session as, efforts to restore the 2015 Iran nuclear deal have stagnated due to Tehran's willingness to shift its position. These statements eased the anticipation of the Iranian crude supplies in the market.

Moscow's renewed mobilisation effort in support of its invasion of Ukraine would further constrain global supply. This, together with a resurgence in crude oil demand in China, the world's largest oil importer, added support to crude prices.

Outlook:Given the stalling of the 2005 Iran nuclear agreement and the prospect of further supply disruption as Russian and Ukrainian tensions rise, crude prices are likely to rise.

BASE METALS

On Thursday, the base metals pack witnessed a mixed session as the metals such as Copper and Nickel ended lower on the LME, and on the MCX, all the metals ended on a higher note, with nearly all gaining over 1 percent.

Gains in metal occurred as expectations of better demand from China's construction sector outweighed concerns about a slowdown in global economy caused by rising interest rates and the conflict in Ukraine.

However, the negative macro sentiments are here to stay as the concern that aggressive monetary policy tightening will slow the world economy and subsequently reduce demand for metals. Further escalation on the Russia and Ukraine front, as Moscow's latest mobilisation effort in support of its invasion of Ukraine will further disrupt supplies around the world.

Outlook:The demand for metals would probably increase if the outlook for China continues to improve, but the gains might be limited because the dollar index is still at record highs.