

Gold settles higher post Fed rate hike decision, Crude slips lower.

GOLD

Gold on Wednesday snapped the recent losing streak after it ended on a higher note, gaining 0.64 percent and ending at 1673.7\$ per ounce.

Before the widely expected US Fed rate hike, which the central bank delivered in line with market expectations, the price of the yellow metal experienced erratic movements. However, considering that the dollar index is near all-time highs, the gains are certainly going to be limited.

As the US Federal Reserve raised interest rates by 75-basis points for the third time in a row this year, the Fed chair vowed to continue the fight against inflation.

Even though gold is regarded as a hedge against inflation, rate hikes like these usually raise the cost of owning bullion, which pays no interest.

Outlook:We expect gold to trade lower towards 49000 levels, break of which could prompt the price to move lower to 48580 levels.

CRUDE

The benchmark crude indices after ending on a lower note the other day, ended on a mixed note on Wednesday. The Brent ended with gains of 0.44 percent and the NYMEX ended with a nearly 2 percent cut.

The US Federal Reserve considerably increased interest rates to combat inflation as concerns mounted that the slowing world economy may have an impact on future fuel demand.

On Wednesday, the Federal Reserve increased its target interest rate by 75 basis points for the third time, taking the rates in the range of 3.00-3.25%, and hinted at further significant increases to come. At the same time, the dollar index reached a 20-year high against a basket of other currencies, making crude more expensive for those who aren't using the dollar.

In anticipation of greater demand and a potential increase in fourth-quarter gasoline exports, at least three state-run Chinese oil refineries and one privately owned mega refiner are considering expansion in October compared to September by up to 10%.

Outlook:We expect crude to trade lower towards 6630 levels, break of which could prompt the price to move lower to 6490 levels.

BASE METALS

On the LME, the base metals pack concluded on a lower note on Wednesday, while on the MCX, all the metals concluded on a lower note except for Nickel and Lead.

Aluminium prices on Wednesday slipped to their lowest level since March 2021 because of the market uncertainty about the Fed's intention to raise interest rates significantly, which would have a negative impact on economic growth.

A 75 basis point rate increase announced by the chairman of the US central bank helped the dollar to a 20-year high and put pressure on dollar-priced commodities by making them more expensive for buyers with other currencies.

The need for safer assets increased after Russian President Vladimir Putin ordered the mobilisation of more troops, which boosted the dollar.

Outlook:We expect copper to trade lower towards 636 levels, break of which could prompt the price to move lower to 626 levels.