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DAILY BASE METALS REPORT

# Precious Metals Fall Further

## Summary

- UK CPI steady at 3.8%, boosting BoE rate-cut bets.
- Gold and silver eased on profit-taking despite low yields.

## Macro

US equities opened weaker on Wednesday, weighed down by disappointing tech earnings and lingering uncertainty over the extended government shutdown, now in its 22nd day. Netflix's sharp post-earnings selloff set a cautious tone across the sector, while markets await Tesla's results later today for further direction. The dollar index held just below 99.0, steadying after recent volatility, while the 10-year Treasury yield briefly dipped to 3.94% before stabilising. With the yield curve anchored and data releases still on hold, investors are increasingly relying on corporate earnings as the main gauge of economic resilience. The extended shutdown and the lack of key data continue to cloud near-term visibility, suggesting that risk sentiment will remain fragile ahead of next week's Fed meeting.

In the UK, headline CPI held at 3.8% in September for a third consecutive month, coming in below the 4.0% forecast but still nearly twice the Bank of England's 2% target. Services inflation remained elevated at 4.7%, highlighting persistent underlying price pressures. The data has shifted market expectations, with the probability of a BoE rate cut in December rising to around 75%, up sharply from about 45% before the release. Looking ahead, the outlook for lending and consumption will depend on whether Chancellor Rachel Reeves's November Budget delivers meaningful fiscal tightening; without it, inflation relief could stall and rate cuts may be delayed.

## Base Metals

Base metals started on a positive note today, as nearby spreads showed signs of tightening again, moving into a moderate backwardation. In particular, the zinc cash to 3-month spread remained heavily backwardated at \$320/t, allowing zinc to strengthen back above the \$3,000/t mark, reaching \$3,030/t. The next critical resistance level now stands at \$3,050/t. We anticipate that markets will find it difficult to break above this level, as, aside from the spread tightness, zinc continues to experience a healthy global surplus from a fundamental perspective. Likewise, copper nearby spreads have shifted into backwardation, with the cash to 3-month no at \$10/t. Copper forward pricing continues to hold above the \$10,600/t level at \$10,660/t. Aluminium attempted to breach the \$2,800/t resistance but struggled to make a decisive break, resulting in markets hovering cautiously above this level by the end of the day. Lead and nickel remained rangebound at \$1,990/t and \$15,160/t, respectively.

## Precious Metals and Oil

Precious metals extended their pullback, with gold briefly testing the \$4,000/oz threshold and silver sliding below \$47.9/oz as investors unwound part of last week's speculative surge. The retreat reflects profit-taking and reduced safe-haven flows rather than yield dynamics, as still-low Treasury yields and ongoing macro uncertainty continue to offer underlying support. Oil prices, meanwhile, built on their recovery from multi-month lows, with WTI climbing above \$58.6/bbl and Brent around \$62.5/bbl. The rebound comes as traders position for a modest pick-up in demand ahead of winter, but persistent economic headwinds and rising inventories suggest upside may remain capped in the near term.

|           | Open  | High  | Low   | 5pm Close | PDC   | Volume | Total O.I | Spreads | Conversion |
|-----------|-------|-------|-------|-----------|-------|--------|-----------|---------|------------|
|           |       |       |       |           |       |        |           | C-3M    | US\$/lb    |
| Aluminium | 2780  | 2822  | 2775  | 2807.0    | 2781  | 20079  | 733846    | 2.61    | 127.32     |
| Copper    | 10584 | 10707 | 10537 | 10683.0   | 10597 | 15391  | 317268    | -8.36   | 483.78     |
| Lead      | 1991  | 1998  | 1988  | 1990.5    | 1993  | 3983   | 152853    | -39.73  | 90.33      |
| Nickel    | 15205 | 15215 | 15120 | 15183.0   | 15210 | 4479   | 257428    | -202.18 | 687.43     |
| Tin       | 35475 | 35700 | 35150 | 35364.0   | 35475 | 300    | 21178     | 55.00   | 1601.65    |
| Zinc      | 2991  | 3032  | 2982  | 3029.0    | 2994  | 12308  | 221589    | 338.74  | 137.17     |
| Total:    |       |       |       |           |       | 68640  | 1705982   |         |            |

| Official Prices |       |        |          |          |          |         | Monthly Avg |             |
|-----------------|-------|--------|----------|----------|----------|---------|-------------|-------------|
|                 | Cash  | 3m     | Dec Yr 1 | Dec Yr 2 | PD Cash  | PD 3M   | Cash        | 3M          |
| Aluminium       | 2818  | 2812.5 | 2832     | 2853     | 2782.36  | 2781    | 2752.90625  | 2748.71875  |
| Copper          | 10600 | 10618  | 10567.05 | 10427.05 | 10593.28 | 10623.5 | 10598.90625 | 10623.15625 |
| Lead            | 1953  | 1995   | 2070.51  | 2126.26  | 1945.31  | 1985    | 1960.53125  | 1999.6875   |
| Nickel          | 14935 | 15150  | 15772.94 | 16397.94 | 14968.71 | 15175   | 15077.5     | 15259.375   |
| Tin             | 35555 | 35640  | 35171    |          | 35344    | 35400   | 36011.25    | 36036.875   |
| Zinc            | 3325  | 3010   | 2979.14  | 2859.64  | 3287.34  | 2988    | 3123.03125  | 2993.21875  |

| LME Stocks (tonnes) |         |     |      |            |         |            |              | Other Copper Markets |          |
|---------------------|---------|-----|------|------------|---------|------------|--------------|----------------------|----------|
|                     | Opening | In  | Out  | Net Change | Closing | C-warrants | Open Tonnage | Last                 | % Change |
| Aluminium           | 484125  | 0   | 1600 | -1600      | 482525  | 76875      | 405650       | Comex, US\$/lb       |          |
| Copper              | 137150  | 250 | 550  | -300       | 136850  | 9275       | 127575       | 'DEC 25              | 498.6    |
| Lead                | 247300  | 25  | 3200 | -3175      | 244125  | 167650     | 76475        | 'MAR 26              | 503.8    |
| Nickel              | 250476  | 450 | 48   | 402        | 250878  | 6276       | 244602       | Shanghai, CNY/mt     |          |
| Tin                 | 2735    | 10  | 0    | 10         | 2745    | 250        | 2495         | 01-Oct               | 0        |
| Zinc                | 37275   | 0   | 1975 | -1975      | 35300   | 10875      | 24425        | 01-Nov               | 84970    |

| Global Markets |          |       | Currencies |          | Precious Metals |            |         | Previous Day's Fix |        |         |
|----------------|----------|-------|------------|----------|-----------------|------------|---------|--------------------|--------|---------|
| Last           | % Change |       | Last       | % Change | Last            | % Change   | AM      | PM                 |        |         |
| DAX            | 24151    | -0.74 | GBP        | 1.3375   | 0.0299          | Gold       | 4052.31 | -1.7674            | 4275.1 | 4169.60 |
| DJI            | 46727    | -0.42 | JPY        | 151.7200 | 0.1384          | Silver     | 48.29   | -0.8735            |        | 4994.5  |
| S&P500         | 6701     | -0.51 | EUR        | 1.1619   | 0.1638          | Gold Comex | 4068.4  | -0.990             |        |         |
| SSE            | 3914     | -0.07 | CNY        | 7.1262   | -0.0210         | Platinum   | 1597.98 | 3.2714             |        |         |
| Hq Seng        | 25782    | -0.94 | AUD        | 0.6494   | 0.0925          | Palladium  | 1422.21 | 0.4669             |        |         |
| Brent          | 63       | 2.27  | CAD        | 1.3984   | 0.2789          |            |         |                    |        |         |

Source: Bloomberg  
Updated: 22/10/2025 17:30

All price data is from 22.10.2025 as of 17:30

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