

Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Research Associate

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DAILY BASE METALS REPORT

Markets Hold Higher as Fed Cut Expectations Firm Ahead of Next Week

Summary

- Softer US inflation reinforced expectations of two 25bps cuts by year-end.
- Base metals mostly firm, with copper testing resistance close to \$10,700/t.
- Precious metals direction hinges on the Fed's tone next week.

Macro

US equity indices climbed to fresh record highs on Friday after softer-than-expected inflation data reinforced expectations of a 25bps rate cut at next week's Federal Reserve meeting. Headline CPI for September printed at 3.0% YoY, a touch above August's 2.9% but slightly below consensus, while core inflation eased to 3.0% from 3.1%. A rise in petrol prices was broadly offset by a moderation in housing-related components, while travel and discretionary services showed slower price growth. However, some imported consumer goods continued to register upward price pressure, reflecting tariff passthrough.

The release has strengthened the view that inflation is cooling steadily, though the pace of disinflation remains uneven. With several key economic releases at risk of delay due to the ongoing government shutdown, markets may have less data than usual to gauge underlying momentum ahead of the Fed. The 10-year Treasury yield held just below 4%, while the dollar index was broadly stable around 98.9. Next week's FOMC communication will therefore carry greater weight, particularly in shaping expectations for policy into year-end.

Business activity data painted a mixed picture. In the US, private-sector growth improved modestly in October, though firms signalled caution around hiring and inventory management amid external demand softness. By contrast, survey readings in the Eurozone surprised to the upside, with new orders improving at the fastest pace in over two years. In the UK, both business sentiment and consumer spending showed tentative signs of recovery, suggesting the domestic economy may be stabilising into year-end.

Base Metals

LME base metals ended the week mostly firmer. Aluminium eased slightly to around \$2,855/t after Thursday's sharp move higher. Copper tested \$10,970/t, while zinc spreads continued to normalise, with the spot-to-three-month backwardation narrowing to roughly \$175 from Wednesday's extreme tightness. Tin shifted into backwardation, with nearby tightness helping lift prices towards \$36,000/t. Nickel traded near \$15,370/t, still capped below resistance at \$15,400/t, while lead was unable to break \$2,020/t, trading near \$2,018/t.

Precious Metals and Oil

Precious metals steadied as the complex attempted to form a near-term floor. Gold traded within a \$4,040–\$4,140/oz range, while silver held between \$48–\$49/oz. Direction next week is likely to hinge on the tone of the Fed meeting: a less-dovish message, or any signal that a December cut is not assured, could leave gold vulnerable to another test lower, whereas confirmation of easing bias would help reinforce support around current levels.

Oil prices continued their upward trend, with WTI around \$62.3/bbl and Brent near \$66.6/bbl, supported by ongoing supply concerns. The broader market will be watching for any escalation in trade-flow adjustments following recent sanctions, which could add further volatility to crude pricing into November.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	US\$/lb
Aluminium	2863	2884	2833	2859.0	2865	26364	747858	3.19	129.50
Copper	10832	10980	10796	10962.5	10817	25392	319309	-27.70	496.48
Lead	2012	2020	2006	2016.5	2012	5178	155116	-36.64	91.40
Nickel	15345	15385	15245	15361.0	15335	5916	255938	-194.12	696.50
Tin	35540	35900	35540	35802.0	35725	400	21003	143.00	1619.34
Zinc	3023	3040	2993	3025.5	3023	11526	223518	187.37	136.94
				Total:		74774	1722742		
Official Prices								Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M		Cash	3M
Aluminium	2853	2852	2889.5	2909.5	2870.71	2862.5		2763.583333	2759.638889
Copper	10807	10842	10876.4	10736.41016	10842.95	10854.5		10821.47222	10645.47222
Lead	1979	2018	2093.43	2149.18	1973.67	2010.5		1982.25	2001.277778
Nickel	15085	15285	15941.62	16531.62	15172.44	15363		15079.72222	15262.5
Tin	35925	35835	35599		35872	35772		35991.94444	35998.88889
Zinc	3227	3020	2975.5	2863.5	3243.39	3017.5		3134.25	2995.75
LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	477675	0	4550	-4550	473125	67475	405850	Comex, US\$/lb	
Copper	136925	300	875	-575	136350	10350	126000	'DEC 25	511.05 2.3
Lead	239750	0	4375	-4375	235375	158900	76475	'MAR 26	518 2.22
Nickel	250854	0	0	0	250854	6432	244422	Shanghai, CNY/mt	
Tin	2720	30	0	30	2750	255	2495	01-Oct	0 0.00
Zinc	34700	2950	50	2900	37600	9800	27800	01-Nov	86770 1.43
Global Markets				Currencies		Precious Metals			Previous Day's Fix
Last	% Change			Last	% Change	Last	% Change		AM PM
DAX	24240	0.13	GBP	1.3295	-0.2326	Gold	4133.20	0.1677	4125.7 4143.75
DJI	47289	1.19	JPY	152.8100	-0.1571	Silver	48.80	-0.25	4910.5
S&P500	6803	0.95	EUR	1.1625	0.0603	Gold Comex	4150	0.106	
SSE	3950	0.71	CNY	7.1212	0.0295	Platinum	1618.13	-0.7081	
Hg Seng	26160	0.74	AUD	0.6509	-0.0461	Palladium	1456.2	0.6476	
Brent	66	0.68	CAD	1.4014	-0.1570				
Source: Bloomberg									
Updated: 24/10/2025 17:30									

All price data is from 24.10.2025 as of 17:30

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