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DAILY BASE METALS REPORT

Markets Wrap Up With Muted Action

Summary

- AI-driven optimism continued to lift US equities into the weekend.
- Base metals ended the week on a more subdued note, with key support levels remaining intact.
- Precious metals traded quietly, reflecting limited market appetite for volatility.

Macro

US equities opened higher and closed October at another record high, with strong earnings from Apple and Amazon lifting the "Magnificent Seven" and, in turn, the S&P 500 to 6,850. Investor enthusiasm around AI-driven growth continues to support valuations across corporate America; however, we expect this momentum to moderate in the new year. Indeed, much of the AI-driven optimism appears to reflect current investment in infrastructure to meet surging demand, rather than broad-based maturity in monetisation. The current investment skew seems to be tilted toward future opportunities rather than fully realised profits. As a result, we anticipate returns on these investments to continue growing in 2026, albeit at a more measured pace. This suggests that US equities, having significantly benefited from AI-related tailwinds, could face a period of consolidation or a meaningful correction, particularly if concerns around the sustainability of current trends emerge.

Meanwhile, the Fed's decision to cut rates by 25bps while cautioning against a potential cut in December has lifted the dollar index, pushing it towards the critical 100 mark – a high not seen since July. We believe that for the dollar to sustainably rise above this level, the markets must completely price out expectations of another Fed rate cut by the end of the year, which we believe to be unlikely in the near term, especially in the absence of labour market data.

Inflation in the euro area eased slightly in October, growing by 2.1% YoY, aligning with market expectations. While this figure is just above the ECB's target, this data backed the central bank's decision yesterday to keep rates unchanged, with an inflation flare-up becoming an unlikely scenario in the coming months.

Base Metals

As base metals gave back most of this week's gains during Thursday's session, today's downside momentum appears to be easing. Despite softer Chinese macro data, today's moderate price moves highlight the continued disconnect between fundamentals and market pricing, placing greater weight on speculative sentiment. Copper defended the support of \$10,800/t, closing at \$10,887.50/t by the end of the day, as aluminium held its nerve above \$2,850/t. Likewise, zinc hovered around the critical \$3,000/t level.

With the 2025 copper refined supply deficit narrative remaining intact, markets appear positioned for short-term upside spikes followed by healthy corrections, while maintaining underlying trend supports for aluminium, copper, and zinc intact.

Precious Metals and Oil

Precious metals ended the week on a more subdued note, reflecting market uncertainty over the next directional move after the recent sell-off. We maintain a constructive outlook for gold, supported by steady central bank and physical demand, which should help keep prices elevated. Silver, however, is likely to see greater near-term volatility as markets assess the potential for a decoupling from gold's price trends. Oil futures jumped higher, escalating geopolitical tensions between the US and Venezuela, lifting WTI and Brent to \$60.70/bbl and \$65.00/bbl, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2865	2889	2845	2884.0	2870	26844	757770	-1.51	130.89
Copper	10930	10980	10806	10887.5	10930	20744	335665	-13.99	493.72
Lead	2023	2025	2010	2017.0	2022	5209	153396	-33.99	91.47
Nickel	15245	15270	15175	15226.0	15250	5223	264074	-204.84	690.37
Tin	35825	36300	35765	36086.0	35720	588	21243	40.00	1637.26
Zinc	3047	3070	3021	3055.5	3045	8950	222235	85.57	138.51
					Total:	67558	1754383		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2885	2882	2905	2908.5	2858.9	2863.5	2786.304348	2783.978261
Copper	10901.5	10920	10784.5	10657.83984	10895.61	10917	10696.02174	10720.41304
Lead	2000	2020	2105.7	2165.7	1988.01	2022	1968.23913	2006.065217
Nickel	15055	15245	15818.66	16432.66	15025.21	15230	15079.78261	15265.43478
Tin	36300	36285	35920		35803.5	35792	36045.86957	36045.21739
Zinc	3170	3055.5	3016.49	2906.49	3133.52	3037.5	3149.130435	3007.869565

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage		Last	% Change
Aluminium	459525	102275	3750	98525	558050	51100	506950	Comex, USc/lb		
Copper	134950	500	825	-325	134625	13400	121225	'DEC 25	517.1	-0.01
Lead	224175	0	3875	-3875	220300	137550	82750	'MAR 26	524.25	0.00
Nickel	251640	462	0	462	252102	6426	245676	Shanghai, CNY/mt		
Tin	2790	85	0	85	2875	125	2750	01-Oct	0	0.00
Zinc	34900	600	200	400	35300	5925	29375	01-Nov	87970	0.26

Global Markets					Currencies		Precious Metals		Previous Day's Fix	
Last	% Change		Last	% Change			Last	% Change	AM	PM
DAX	23958	-0.67	GBP	1.3128	-0.1749	Gold	3981.57	-1.0677	3986.4	3994.15
DJI	47413	-0.23	JPY	154.1100	0.0130	Silver	48.50	-0.8682		4818
S&P500	6833	0.15	EUR	1.1530	-0.3026	Gold Comex	3992.8	-0.575		
SSE	3955	-0.81	CNY	7.1198	-0.1320	Platinum	1575.61	-1.9265		
Hg Seng	25907	-1.43	AUD	0.6540	-0.2288	Palladium	1438.03	-1.1364		
Brent	65	0.08	CAD	1.4019	-0.2354					

Source: Bloomberg
Updated: 31/10/2025 17:30

All price data is from 31.10.2025 as of 17:30

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