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DAILY BASE METALS REPORT

Copper Takes a Breather

Summary

- Wall Street sounds alarm about inflated equity valuations, leading to a decline in stocks at the market open.
- A combination of a stronger dollar and easing physical tightness drove copper lower; however, the pullback appears to reflect a healthy consolidation.
- Although precious metals remain below crucial psychological levels, the likelihood of further declines appears limited, suggesting a period of stabilisation.

Macro

US stocks gapped lower on the open after Wall Street executives sounded the alarm on the elevated equity valuations, triggering an early morning correction. However, the market managed to regain some momentum later in the day, with the S&P 500 inching back up to 6808. As mentioned in our previous comments, we believe that the current optimism surrounding AI is driven more by current investment in infrastructure to meet surging demand, rather than broad-based maturity in monetisation. This suggests that US equities could face a period of consolidation or a meaningful correction. For a correction to fully materialise, investors would need to lose confidence in the sustainability of current trends, which we believe to be unlikely unless tech companies report negative earnings or other adverse news. Instead, we anticipate that consolidation is more probable, with stocks remaining historically elevated in the near term.

Meanwhile, the dollar continued to strengthen, surpassing the crucial 100 mark after additional hawkish statements from Fed officials, putting the December cut under further scrutiny. Forward swaps are now pricing in a 71% chance of 17bps worth of cuts being implemented by the end of the year. While a break above the 100 level is psychologically important, we believe a stronger resistance is forming at the 100.20-100.30 level; a break above this could signal a potential medium-term recovery for the dollar.

Base Metals

Base metals weakened sharply this morning, led by copper, amid a firmer dollar and headlines around Codelco's production outlook. While the Chilean miner revised its annual guidance lower to 1.31–1.34 Mt, the figure still sits above 2024 output levels, easing near-term deficit concerns that have underpinned prices since September. As a result, copper dropped to test the \$10,600/t level before recovering slightly towards \$10,663.50/t by the end of the day. The pullback in copper appears to reflect a healthy consolidation, with some excess momentum being unwound from the market, potentially offering some room for a modest rebound once positioning stabilises.

Likewise, aluminium gave up recent gains, dropping to just above the \$2,850/t mark, maintaining its highs. Zinc rejected prices above \$3,100/t, coming back to \$3,088.50/t. Aluminium and zinc continue to hold above key support levels, suggesting that underlying fundamentals remain constructive and that both metals could see another leg higher should speculative interest return.

Precious Metals and Oil

Precious metals dipped slightly today but maintained recent support levels, indicating that the markets are stabilising at these points. Gold and silver are currently trading just below their respective psychological resistance levels of \$4,000/oz and \$48/oz.

Oil prices continued to soften as markets continued to digest the news of abundant crude supply following the announcement of the OPEC+ plan to pause production cuts.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2905	2906	2842	2859.0	2909	28102	750436	-6.66	129.68
Copper	10819	10860	10578	10663.5	10819	33451	324633	-30.45	483.69
Lead	2028	2033	1989	2023.5	2030	7349	151517	-24.40	91.79
Nickel	15125	15165	15050	15075.0	15115	10031	257856	-213.67	683.80
Tin	35990	36185	35660	35814.0	35915	523	21926	65.00	1624.51
Zinc	3108	3113	3070	3088.5	3108	15026	227115	138.78	140.09
					Total:	94482	1733483		
Official Prices								Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M		Cash	3M
Aluminium	2853	2861.5	2883.07	2900.02	2897.86	2902		2878	2884.25
Copper	10600.5	10625	10612.33	10527.33	10829.3	10855		10736.5	10756.5
Lead	1990	2024	2102.71	2162.71	1998.68	2027		1992.5	2026
Nickel	14940	15120	15653.59	16263.59	14930.5	15142		14955	15150
Tin	36100	36160	35592		36121	36047		36227.5	36242.5
Zinc	3241	3085	3034.55	2909.55	3230.71	3100		3215.5	3086
LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage		
Aluminium	554575	0	2000	-2000	552575	45625	506950	Comex, USc/lb	
Copper	133600	500	200	300	133900	10925	122975	DEC 25	508.9 -0.29
Lead	216800	0	4275	-4275	212525	110575	101950	MAR 26	515.7 -0.34
Nickel	252750	0	0	0	252750	6426	246324	Shanghai, CNY/mt	
Tin	2850	25	15	10	2860	145	2715	01-Nov	86980 -0.30
Zinc	33825	0	0	0	33825	4325	29500	01-Dec	87080 -0.15
Global Markets				Currencies		Precious Metals		Previous Day's Fix	
Last	% Change			Last	% Change	Last	% Change	AM	PM
DAX	23949	-0.76	GBP	1.3022	0.0077	Gold	3938.34	0.1589	3994.15
DJI	47085	-0.53	JPY	153.6800	-0.0065	Silver	47.14	-0.0386	4877.5
S&P500	6772	-1.17	EUR	1.1485	0.0261	Gold Comex	3946.8	-0.346	
SSE	3960	-0.41	CNY	7.1295	-0.1150	Platinum	1541.15	0.0636	
Hg Seng	25952	-0.79	AUD	0.6490	0.0000	Palladium	1392.58	-0.1985	
Brent	64	-0.69	CAD	1.4101	0.0213				
Source:	Bloomberg								
Updated:	04/11/2025 17:30								

All price data is from 04.11.2025 as of 17:30

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