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WED 26 NOVEMBER 2025 00:10

DAILY BASE METALS REPORT

# Labour Shock Reinforces Expectations of a Fed Cut

## Summary

- **Private-sector weakness is becoming a key focal point for markets.**
- **With markets firmly expecting the December Fed cut, we see increased downside risk for the dollar, which should support base metals in the near term.**
- **Precious metals remain dollar-driven, with range-bound trade likely until early-December data provide clearer macro direction.**

## Macro

US stocks opened mixed on Tuesday, with the Dow Jones and S&P 500 posting gains while the Nasdaq slipped, following Monday's strong lift. The standout mover today was the ADP private payroll report – an independent gauge of employment trends that showed US private employers losing an average of 13,500 jobs per week over the last four weeks. Despite the hawkish PPI print for September at 2.7% y/y, markets remain firmly fixated on the prospect of a December Fed rate cut, with the implied probability now hovering close to 80%. The 10-year Treasury yield dropped to around 4.0% and the dollar index softened, briefly dipping to 99.7.

## Base Metals

Base metals gained momentum in the early afternoon, supported by the dollar's weakness on the back of disappointing private payroll data, which overshadowed official retail sales and PPI releases. With the Fed more focused on labour data than inflation to drive the monetary policy narrative, markets are watching labour metrics closely until mid-December's official numbers. As markets maintain their bias for a December Fed cut, we believe that any weakening macroeconomic data is likely to reaffirm these expectations, with stronger figures likely to be disregarded. As a result, there is a stronger downside risk for the dollar in the coming days, which should help support the entire complex. However, sustained rallies also remain elusive, as any sharp gains are quickly erased by profit-taking before the end of the day.

Copper leads sentiment, buoyed by news that Chilean producer Codelco plans to more than triple its premium to Chinese customers. This move highlights a potential shift to prioritise US customers over global ones, especially given this year's tariffs and tightening material supply. It supports our long-term bullish outlook for copper, as a fragile balance is set to tip into deeper deficits by the end of the decade, as availability declines. This could increase upside risk for copper in 2026, particularly if any new supply disruptions are announced.

This tightness is becoming more evident at the front end, with the cash-to-3-month spread tightening to \$34/t backwardation. Forward prices were volatile, spiking to \$10,950/t before retreating to \$10,840/t. Nickel also pushed higher, supported in large part by mean reversion following previous weakness, as it approached key

\$15,000/t resistance while testing the \$14,900/t level today. Zinc continued to hover around \$3,000/t, as lead settled into the \$1,980/t support level.

## Precious Metals and Oil

Gold held above \$4,120/oz, preserving most of Monday's gains as renewed expectations of a December Fed rate cut bolstered the metal. Silver similarly maintained yesterday's improvement but struggled to hold above \$51.0/oz. Looking ahead to next week, we expect precious metals to remain in a consolidation phase, with upside potential limited until clearer data or a meaningful shift in dollar and funding conditions emerges. Silver may offer better sensitivity to any dollar softening, but until then the metals complex is likely to stay range-bound.

Oil prices dropped sharply after markets interpreted reports of potential Russia-Ukraine talks as a sign that the conflict, and related sanctions on the major global producer, could be moving towards resolution. WTI slipped to \$57.5/bbl, while Brent traded near \$62.1/bbl. We view a near-term resolution as unlikely and therefore consider the current price levels unsustainably low. As geopolitical risk premiums are re-priced, we expect crude to rebound from these levels.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	US\$/lb
Aluminium	2807	2828	2799	2800.5	2813	17688	693142	-30.45	127.44
Copper	10788	10949	10788	10818.0	10782	23261	329297	9.52	492.20
Lead	1989	1994	1979	1980.5	1992	7809	160561	-35.57	89.81
Nickel	14715	14930	14660	14872.0	14730	9536	257503	-190.51	675.86
Tin	37395	37860	37380	37547.0	37425	763	21783	135.00	1710.29
Zinc	3002	3020	2984	2993.0	3003	9377	218929	120.77	136.17
				Total:		68434	1681215		

Official Prices	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2787	2815	2838.04	2858.04	2779.2	2812	2823.882353	2846.264706	
Copper	10876	10858	10697.74	10572.74	10797.88	10773	10770.55882	10788.82353	
Lead	1961.5	1985.5	2051.04	2111.04	1955.51	1984	2011.411765	2035.823529	
Nickel	14650	14890	15411.05	16011.05	14508.53	14699	14700.58824	14899.11765	
Tin	37900	37850	37333		37497.99	37384	36752.64706	36694.41176	
Zinc	3118	3002	2981	2941	3140.2	3000	3182.823529	3039.088235	

LME Stocks (tonnes)	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	545950	0	2225	-2225	543725	59625	484100	Comex, US\$/lb		
Copper	155750	1575	750	825	156575	5625	150950	'DEC 25	496.75	-0.95
Lead	265275	800	1500	-700	264575	144250	120325	'MAR 26	505.3	-0.84
Nickel	253482	0	0	0	253482	10728	242754	Shanghai, CNY/mt		
Tin	3085	0	0	0	3085	240	2845	01-Nov	0	0.00
Zinc	47425	650	75	575	48000	3050	44950	01-Dec	86420	0.43

Global Markets		Currencies		Precious Metals			Previous Day's Fix			
Last	% Change		Last	% Change	Last	% Change	AM	PM		
DAX	23465	0.97	GBP	1.3189	0.6410	Gold	4147.80	0.2778	4067.95	4082.05
DJI	46949	1.08	JPY	156.0300	0.5512	Silver	51.36	-0.0021		5004
S&P500	6734	0.43	EUR	1.1568	0.4080	Gold Comex	4182.1	1.242		
SSE	3870	0.87	CNY	7.0847	0.2597	Platinum	1554.06	0.0683		
Hg Seng	25895	0.69	AUD	0.6464	0.0000	Palladium	1396.53	0.2397		
Brent	62	-1.67	CAD	1.4108	0.0000					

Source: Bloomberg  
Updated: 25/11/2025 17:30

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All price data is from 25.11.2025 as of 17:30

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