

Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Research Associate

THU 04 DECEMBER 2025 00:10

DAILY BASE METALS REPORT

Markets Drift as Fed Cut Bets Hold and Metals Lose

Summary

- **Markets remain vulnerable to abrupt repricing given the weak data foundation behind current Fed expectations.**
- **Base metals show signs of fatigue after recent gains, with copper struggling to extend beyond resistance.**
- **Precious metals may stay headline-driven into the Fed meeting, with silver likely to lead any volatility.**

Macro

US equities opened lower. Today's data showed that applications for US unemployment benefits fell to their lowest level in more than three years, signalling that employers are largely holding onto workers despite a recent uptick in layoff announcements. Expectations for a Fed cut next week have eased slightly but remain firmly intact, and tomorrow's PCE release is unlikely to shift the narrative given that it covers September data only. The dollar index held steady just below 99.0, while the 10-year Treasury yield moved higher, rising above 4.1%.

The fact that markets are pricing in a cut without sufficient real-time data continues to amplify volatility, creating an environment that feels driven more by collective expectation than by underlying evidence. This increases the risk of sharp adjustments should the Fed signal anything less than a fully dovish stance next week.

Base Metals

Following yesterday's sharp rally, copper remained elevated but was unable to hold above \$11,500/t, signalling that near-term momentum is starting to fade as prices approach resistance. Aluminium stayed firm above \$2,900/t, supported by light buying interest, while tin slipped back below \$40,500/t. Lead and zinc outperformed, with lead pushing above \$2,010/t and zinc rising through \$3,090/t. Overall, the complex appears to be consolidating, with sentiment turning more selective as traders weigh stretched prices against a still uncertain macro backdrop.

Precious Metals and Oil

Gold was steady, hovering around \$4,215/oz, while silver saw a sharp decline, slipping below \$57.1/oz after failing to hold yesterday's gains. The divergence reflects silver's higher sensitivity to shifts in risk appetite and rate expectations, with the metal more exposed to profit-taking following its recent strong run. Looking ahead, we expect gold to remain relatively stable into next week's Fed meeting, supported by cautious positioning and a still-soft dollar. Silver, by contrast, is likely to experience greater two-way volatility, with any renewed weakness in yields offering a quick rebound opportunity but a firmer dollar posing downside risk.

Oil prices increased, with WTI approaching \$58.9/bbl while Brent held close to \$63.5/bbl. The move reflects a modest pickup in risk sentiment and ongoing support from a softer dollar, though the broader trend remains range-bound. Without a clearer shift in demand indicators or fresh geopolitical developments, we expect crude to continue trading within familiar levels, with any upside likely to be gradual and vulnerable to reassessment as markets head into year-end.

All price data is from 04.12.2025 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).