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DAILY BASE METALS REPORT

Markets Hold Their Breath as Metals Correct Ahead of the Fed

Summary

- **With a 25bps cut fully priced, the tone of Powell's guidance will be the key driver of market direction into year-end.**
- **Base metals sold off, erasing previous gains; however, we view the move as a healthy correction rather than a signal for a trend reversal.**
- **Silver's elevated positioning leaves it exposed to a sharper pullback should rate cut expectations softer after the meeting.**

Macro

US equities opened higher as markets entered the final stretch before tomorrow's Fed decision. Today's release of the delayed JOLTS data showed that job openings edged slightly higher in October, indicating that labour demand remains resilient despite market's downward bias. The increase is modest and does not alter the near-term policy outlook. We continue to expect a 25bps cut tomorrow, with Powell's communication taking centre stage. While the cut itself is fully priced in, we anticipate a much less dovish tone regarding the early months of 2026, as the Fed seeks to reassert a data-dependent stance after an extended period of disrupted economic releases.

The dollar index moved higher to around 99.3, while the 10-year Treasury yield also firmed, approaching 4.18%, reflecting a degree of caution ahead of tomorrow's announcement.

Base Metals

Base metals pulled back sharply today as the complex unwound from recent highs, where positioning appeared increasingly stretched on the upside. While the sector fell by more than 1.0% across the board, we view the move as a healthy correction, with key trend support levels so far holding intact.

As markets transition into the year-end period, liquidity and risk appetite are likely to thin, which should naturally dampen volatility. However, we do not expect a broader trend reversal at this stage. Instead, this should keep copper and zinc supported at elevated levels, with price action likely to remain rangebound rather than directional into year-end.

In the meantime, copper weakened, dipping back below \$11,500/t as aluminium weakened back to the \$2,850/t support level. Zinc sold off, dropping below the \$3,100/t mark; with nearby spreads remaining tight, we anticipate that a drop below \$3,000/t to be unlikely. Lead fell below \$2,000/t towards \$1,980/t.

Precious Metals and Oil

In precious metals, gold was broadly unchanged near \$4,205/oz, while silver briefly touched fresh record highs around \$60/oz. We expect silver to be more vulnerable to a reversal if Powell adopts a firmer forward-guidance tone, given its greater sensitivity to shifts in risk appetite.

Oil prices continued to weaken, with WTI falling below \$58.3/bbl and Brent slipping under \$62.0/bbl, as markets awaited clarity from both US policy developments and global macro indicators later this month.

All price data is from 09.12.2025 as of 17:30

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