

Commodity Morning View

December 08, 2025

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Falling LME inventories and Supply fear drives copper higher

Key Points

- US PCE index rose 0.3%
- Michigan Sentiment Index improved to 53.3 in December
- Oil rises after U.S.-Russia talks
- LME warehouse on warrant copper stocks fell under 100kt,
- Nat-gas rallies amid favourable weather conditions
- German data in focus

Events to Watch

| Data | Country | Event | Time | Previous | Forecast |
|--------|---------|------------------------------------|-------|----------|-----------|
| 08-Dec | GE | Industrial Production SA MoM | 12:30 | 1.30% | 0.30% |
| 08-Dec | GE | Industrial Production WDA YoY | 12:30 | -1.00% | -0.40% |
| 08-Dec | US | NY Fed 1-Yr Inflation Expectations | 21:30 | 3.24% | -- |
| 08-Dec | CH | Exports YoY | -- | -1.10% | 4.00% |
| 08-Dec | CH | Imports YoY | -- | 1.00% | 3.00% |
| 08-Dec | CH | Trade Balance | -- | \$90.07b | \$103.10b |
| 08-Dec | CH | Exports YoY CNY | -- | -0.80% | -- |
| 08-Dec | CH | Imports YoY CNY | -- | 1.40% | -- |
| 08-Dec | CH | Trade Balance CNY | -- | 640.00b | -- |

Macro

- The DJIA, the S&P500, and the Nasdaq Composite Index rose 0.2%, 0.2%, and 0.3% respectively last Friday. For the week, the three major indices rose 0.5%, 0.3%, and 0.9% respectively. The Eurostoxx 50 edged up 0.1% last Friday and gained 1% for the week.
- The Dollar Index was flat last Friday at 98.99 but fell 0.5% last week. EUR-USD was unchanged last Friday at 1.1640 and gained 40 pips for the week.
- The US 2Y yield rose nearly 4bp to 3.56% last Friday and gained 7bp for the week. The US 10Y yield rose nearly 4bp to 4.14% last Friday and jumped 12bp for the week. Brent crude oil prices rose 0.8% to USD63.75 last Friday and gained 0.9% for the week. Gold fell 0.2% to USD4,198 last Friday and fell 1% for the week.
- University of Michigan Consumer Sentiment Index rose to 53.3 in December 2025 from 51 in November, beating expectations of 52 and marking the first rise in five months. Positive for USD
- US. PCE price index rose 0.3% in September 2025, Core PCE, excluding food and energy, rose 0.2, headline PCE inflation climbed to 2.8%, it's highest since April 2024, while core PCE inflation decreased to 2.8%.

- The key event this week will be the Fed decision on 10 December. The Fed is expected to cut the Fed funds rate by 25bp to 3.50-3.75%. Last Friday, the Fed funds futures priced in 96% chance of a 25bp cut. They priced in a total cut of 58bp by June 2026 and 82bp by December 2026.
- Data watch: German Industrial production and China's trade data.

Base metals

- The broader rally in base metals took LME index to a weekly gain of 2.7%, driven by 3% rally copper, 1.4% Zinc and 1% in Aluminium last week.
- Copper prices climbed to a fresh record on Friday, driven by fears of a global supply shortage as traders stockpile in the U.S. and optimism around interest-rate cuts by the Federal Reserve next week. In afternoon trading in Europe, futures on the London Metal Exchange rose 1.6% to \$11,617 a metric ton after hitting an intraday high of \$11,705 a ton. Prices have risen more than 32% so far this year.
- The freely available physical copper stored in London Metal Exchange warehouses has now dropped below 100,000 metric tons, which has created strong backwardation in spot market.
- DRC miner Ivanhoe Mines last week trimmed its production outlook for the Kamo-a-Kakula operation in the Democratic Republic of Congo, while Glencore cut its production target for next year. Sentimentally positive for copper.

Base Metals Monitor

| Exchange | Commodity | Expiry | 5-Dec-25 | Daily Change | Daily % Change | 4-Dec-25 |
|----------|----------------|--------|----------|--------------|----------------|----------|
| LMEX | LMEX | - | 4835.4 | 35.4 | 0.74% | 4800 |
| LME | Aluminium (\$) | - | 2897.5 | -6.5 | -0.22% | 2904 |
| LME | Copper (\$) | - | 11620.5 | 170.5 | 1.49% | 11450 |
| LME | Lead (\$) | - | 2002.5 | -11.5 | -0.57% | 2014 |
| LME | Nickel (\$) | - | 14940 | 43 | 0.29% | 14897 |
| LME | Zinc (\$) | - | 3098 | 7.5 | 0.24% | 3090.5 |
| MCX | Aluminium | Dec | 279 | 0.6 | 0.22% | 278.4 |
| MCX | Copper | Dec | 1093.35 | 20.35 | 1.90% | 1073 |
| MCX | Lead | Dec | 182.85 | -0.4 | -0.22% | 183.25 |
| MCX | Nickel | Dec | 1333.7 | 25.7 | 1.96% | 1308 |
| MCX | Zinc | Dec | 310.6 | 1.85 | 0.60% | 308.75 |

Outlook: Short term trend in metals will continue to remain bullish supported by expectation of rate cuts from US and stimulus from China. but the BOJ rate hike could trigger selloff in global market that could dampen global sentiments. The Santa clause rally in metals may continue to the third week of December. For the day we advise buying the dips.

Bullions

Bullion Daily Change

| Exchange | Commodity | Expiry | 5-Dec-25 | Daily Change | Daily % Change |
|----------|------------------|--------|----------|--------------|----------------|
| Comex | Gold (\$) | Spot | 4198 | -9.6 | -0.23% |
| Comex | Silver (\$) | Spot | 58.34 | 1.21 | 2.12% |
| MCX | Gold | Feb | 128425 | -1575 | -1.21% |
| MCX | Silver | Mar | 178612 | 661 | 0.37% |
| Ratio | Goldsilver ratio | - | 71.96 | -1.69 | -2.30% |
| Rupee | USDINR | - | 89.990 | 0.10 | 0.11% |
| Dxy | Dollar Index | - | 98.99 | 0.01 | 0.01% |
| Bond | US-10 T.Yield | - | 4.13 | 0.04 | 0.98% |

- Comex gold slid a percent on w/w basis mostly on profit booking ahead of the crucial FOMC policy this week, while yellow metal is expected to trade sideways ahead of the FOMC Market has prices in 25 bps rate cuts, but the guidance of fed would decide the future course of actions.
- Chinese central bank added 30,000 troy ounces last month, bringing the total to around 74.12 million troy ounces, China's foreign exchange reserves increased by \$3 billion to \$3.346 trillion in November 2025, the highest since 2015, amid a weaker US dollar.
- Silver rose to historic highs on Friday to ` \$59.33 driven supported by increased expectations that the Federal Reserve will lower interest rates this week, a tailwind for non-yielding precious metals and record inflows in the silver backed ETF which rose to 590 tons last week. The market is also still dealing with the aftershocks of a historic short squeeze in London. Robust demand from solar and green tech supports medium-term price strength. Short-term strategy favors buying dips with a stop-loss below \$54. Price outlook: \$62-\$65 in coming weeks/month.

Outlook:

Gold is expected to trade sideways ahead of the key central bank decision on 10th Dec, the long term story remains intact as PBoC added 10 tons of gold in November while GCB net purchases rose 53 tons in October to support the rally. The rate cuts decision may add inflationary pressure in US and reduction in cost of capital will also bring liquidity into bullion assets.

Gold support \$4125 Resistance \$4245/4275.

Silver support \$55-Resistance \$60/\$62.

Energy

Energy Price Monitor

| Exchange | Commodity | Expiry | 5-Dec-25 | Change | Daily % Change | 4-Dec-25 |
|----------|------------------|--------|----------|--------|----------------|----------|
| Nymex | Crude (\$) | Jan | 60.08 | 0.41 | 0.69% | 59.67 |
| Nymex | Natural gas (\$) | Dec | 5.29 | 0.23 | 4.55% | 5.06 |
| MCX | Crude | Dec | 5427 | 46.00 | 0.85% | 5381 |
| MCX | Natural gas | Dec | 488 | 38.00 | 8.44% | 450 |

- WTI rose \$0.41 to settle at \$60.08/bbl; Brent gained \$0.49, closing at \$63.75/bbl., as crude extended recent gains following a lacklustre U.S.-Russia meeting. Russian ESPO crude discounts to China widened amid lower demand, and Russia plans to boost December oil exports by 27% month-over-month. Meanwhile, the G7 and EU consider banning Russian access to maritime services to disrupt exports. Baker Hughes reported an increase in oil rigs, adding six for a total of 413.
- US natural gas futures exceeded \$5.28/MMBtu, driven by strong export demand and Europe's move to phase out Russian LNG by 2027. U.S. LNG exports climbed 40% year-on-year in November. A cold front increased demand, particularly in the Northeast and Great Lakes. EIA reported a 12 bcf withdrawal, marking a seasonal drop but above the expected 18 bcf. Overall we expect Nat gas to remain a buy on dips market support by favourable weather conditions led demand.

Outlook: The short-term fundamental is expected to see crude oil prices higher supported by Ukraine-Russia war and US-Venezuela tussle. The inventory data shows drop in US gasoline demand while global crude market is already in surplus of 1.5mbpd and is expected to head towards 2mbpd by H2-2026,

Short term trading range \$58-\$61.2

Long term trading range \$56/\$54- \$63-\$65.

Daily Price Monitor

| Exchange | Commodity | Expiry | Daily trading range | Trend |
|----------|-------------|--------|---------------------|-------------|
| MCX | Aluminium | Dec | 274-282 | Buy on dips |
| MCX | Copper | Dec | 1082-1110 | Buy on dips |
| MCX | Lead | Dec | 180-185 | Buy on dips |
| MCX | Nickel | Dec | 2200-308 | Buy on dips |
| MCX | Zinc | Dec | 308-314 | Buy on dips |
| MCX | Gold | Feb | 128500-131500 | Buy on dips |
| MCX | Silver | Mar | 176000-185000 | Buy on dips |
| MCX | Crude | Dec | 53850-5600 | Buy on dips |
| MCX | Natural gas | Dec | 465-510 | Buy on dips |
| Comex | Gold | Spot | \$4152-\$4285 | Buy on dips |
| Comex | Silver | Spot | \$57-\$60 | Buy on dips |
| Nymex | Crude oil | Jan | \$58-\$61.2 | Buy on dips |

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