

Commodity Morning View

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Crude oil fell on supply glut concerns

Key Points

- China's trade surplus tops USD1 trillion in 11M2025
- DXY held steady ahead of the Fed meeting
- Nat gas fell on milder weather forecast
- Comex silver inventories declines
- Copper spread drops at LME

Events to Watch

Data	Country	Event	Time	Previous	Forecast
09-Dec	US	NFIB Small Business Optimism	16:30	98.2	98.3
09-Dec	US	BLS Releases Sept. & Oct. JOLTS Data	20:30	--	--
09-Dec	US	JOLTS Job Openings	20:30	--	7150k

Macro

- The DJIA, the S&P500, and the Nasdaq Composite Index fell 0.5%, 0.4%, and 0.1% respectively yesterday. The Eurostoxx 50 was just a touch higher. The Dollar Index edged up 0.1% to 99.09. Brent crude oil prices fell 2% to USD62.49 and gold fell 0.2% to USD4,191.
- The US 2Y yield rose 1.5bp to 3.58% and the 10Y yield rose 3bp to 4.16%. The German 10Y yield rose 6bp to 2.86% and the UK 10Y yield rose 5bp to 4.53%. The US Fed funds futures are pricing in 92% chance of a 25bp cut, a total cut of 56bp by June 2026 and 79bp by December 2026.
- China's trade surplus rose to USD111.7 billion in November (consensus: USD103.1 billion; October: USD90 billion), its third largest on record, as exports growth continue to outperform at +5.9% y/y (consensus: 4.0%; prior: -1.1%) amid successful diversification to new export markets; while imports growth remained weak at 1.9% y/y (consensus: +3.0%; prior: 1.0%). This brought China's trade surplus to over USD1 trillion for 11M2025. Positive for Industrial commodities.
- The spike in Japanese 10-year bond yields to ~1.97% could push US Treasury yields higher due to global bond market linkages. Japan holds significant US debt; if they sell to stabilize their market, it may increase US yields. Recent data shows US 10-year at 4.15%, up slightly amid these concerns, though outcomes depend on BOJ policy and economic conditions. Negative for broader market.
- ECB Executive Board member Isabel Schnabel said that "both markets and survey participants expect that the next rate move is going to be a hike, albeit not anytime soon.
- Data watch: For today, we get the NFIB Small Business Optimism index, the leading index, and job openings and the labour turnover surveys (JOLTS) for September and October.

Base metals

- The base metals trading remained cautious ahead of the FOMC rate decision, despite of stronger set of trade number from China, the exports have surged 5.6% and imports of 1.9% in November.
- The Copper trader should remain cautious as the recent moves in copper prices are driven in anticipation of supply constraints in 2026, while as of now the global balance remain in surplus as the global copper warehouse inventories

are showing a rising trend, signalling a weaker demand for metals overall. LME Copper could test support of \$11200/t and moderate further in Q12026. 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.

- China unwrought aluminium exports surged to 570kt and copper unwrought imports stood around 430kt, but imports of ores have hit 2.53 million tons.
- China's exports beat market expectation due to broad-based improvement in exports to the EU, Latin America and Africa, while exports to the US and ASEAN underperformed. Exports of integrated circuits extended its rally thanks to the global AI booming cycle, reflecting China's ongoing tech advancement. Looking forward, we expect China's goods exports may decrease from 5.2% in 2025 to 3.5% in 2026 while imports may rebound from -0.5% to 2%.

Base Metals Monitor

Exchange	Commodity	Expiry	8-Dec-25	Daily Change	Daily % Change	5-Dec-25
LMEX	LMEX	-	4832	-3.4	-0.07%	4835.4
LME	Aluminium (\$)	-	2888	-9.5	-0.33%	2897.5
LME	Copper (\$)	-	11635	14.5	0.12%	11620.5
LME	Lead (\$)	-	1998	-4.5	-0.22%	2002.5
LME	Nickel (\$)	-	14840	-100	-0.67%	14940
LME	Zinc (\$)	-	3121	23	0.74%	3098
MCX	Aluminium	Dec	278	-1	-0.36%	279
MCX	Copper	Dec	1097	3.65	0.33%	1093.35
MCX	Lead	Dec	182	-0.85	-0.46%	182.85
MCX	Nickel	Dec	1333	-0.7	-0.05%	1333.7
MCX	Zinc	Dec	314	3.4	1.09%	310.6

Outlook: The Global bond market selloff could change the course of actions in broader markets and despite of supply constraints in metals, the economic slowdown shock could trigger a fading demand sentiment, that could see selling pressure in metals. The 25 bps FOMC cuts is already priced in by market, and any unexpected change in FOMC guidance could deter market otherwise a milder correction in metals are expected. The Santa clause rally in metals may continue to the third week of December. For the day we advise sideways to sell on rise market.

Bullions

Bullion Daily Change

Exchange	Commodity	Expiry	8-Dec-25	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	4190	-8	-0.19%
Comex	Silver (\$)	Spot	58.15	-0.19	-0.33%
MCX	Gold	Feb	129920	1495	1.16%
MCX	Silver	Mar	181625	3013	1.69%
Ratio	Goldsilver ratio	-	72.06	0.10	0.14%
Rupee	USDINR	-	89.990	0.00	0.00%
Dxy	Dollar Index	-	99.08	0.09	0.09%
Bond	US-10 T.Yield	-	4.16	0.03	0.73%

- Gold prices edged lower on Mon, on the back of caution ahead of the Fed's upcoming FOMC meeting. Spot gold was down 0.2% at \$4,189.49/oz. US gold futures for Feb delivery settled 0.6% lower at \$4,217.70/oz, 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 roughly 10 tons of gold in November, keeping up with the global trend of increased central bank buying of Gold in recent months. Positive for gold.
- Comex silver edged 2% lower on Monday amid the global bond market sell-off triggered by expectation of end of easing rate cycle in 2026 as after BOJ, ECB is also signalling rate hike as their next move. The market is also still dealing with the aftershocks of a historic short squeeze in London. The comex inventories dip further on Monday as the total inventories stood around 14666 tons at Comex. We expect silver to observe extreme volatility post FOMC and prices could test support of \$55 before the next rally, so advise investors to be cautious.

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	8-Dec-25	Change	Daily % Change	5-Dec-25
Nymex	Crude (\$)	Jan	58.88	-1.20	-2.00%	60.08
Nymex	Natural gas (\$)	Jan	4.99	-0.30	-5.67%	5.29
MCX	Crude	Dec	5323	-104.00	-1.92%	5427
MCX	Natural gas	Dec	446	-42.00	-8.61%	488

- Oil prices declined on Mon as market participants monitored ongoing talks to end the war in Ukraine ahead of an expected Fed interest rate cut later this week.
- Brent crude futures fell by \$1.26, or 1.98%, to close at \$62.49/bbl. US West Texas Intermediate crude settled down \$1.20, or 2%, to close around \$58.88/bbl.
- China's overall crude oil imports in November climbed to 12.38mn bpd, the strongest level in 27 months and November imports printed at 12.38 mbpd.
- The drop in US natural gas futures to \$4.99/MMBtu appears driven by milder weather forecasts for mid-to-late December, reducing expected heating demand. High production levels near records are also boosting supply. Recent profit-taking followed a multi-week rally. The gas production in US is seen edging higher to 109.6bcfd, in December on expected higher demand in winter. We expect further moderation in prices with weather condition remains milder for persistent time.

Outlook: Despite overnight correction overnight we still expect the geo-political rifts will support oil prices from deeper corrections however the broader market sell off could drag crude oil lower. while upside remains limited due to supply glut and weakening demand. 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

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

Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	Dec	274-280	Sell on Rise
MCX	Copper	Dec	1070-1105	Sell on Rise
MCX	Lead	Dec	180-185	Sell on Rise
MCX	Nickel	Dec	2200-308	Sell on Rise
MCX	Zinc	Dec	310-316	Sell on Rise
MCX	Gold	Feb	128500-131500	Buy on dips
MCX	Silver	Mar	176000-185000	Sell on Rise
MCX	Crude	Dec	5250-5400	Buy on dips
MCX	Natural gas	Dec	435-475	Sell on Rise
Comex	Gold	Spot	\$4152-\$4285	Buy on dips
Comex	Silver	Spot	\$57-\$60	Sell on Rise
Nymex	Crude oil	Jan	\$58-\$61.2	Buy on dips

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