

# Commodity Morning View

December 10, 2025

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# Silver surges to fresh record highs

## Key Points

- US JOLT job data somewhat encouraging
- Silver surges to a record high on huge ETF inflows and supply squeeze
- China's inflation data somewhat subdued
- Natural gas falls on warmer weather forecast
- FOMC to deliver monetary policy decision tonight
- Global rate cut bets being pared back

### Data roundup:

#### ***US JOLTs job data mostly encouraging:***

- US JOLTs job data showed that October openings came in at 7670K jobs Vs the forecast of 7117K jobs and 1781K jobs in September as openings rate stood at 4.6%.
- Quits level at 2941K Vs the forecast of 3150K was sobering though as people felt less comfortable in quitting their jobs.
- Layoffs at 1854K were higher than the prior month's data of 1781K.

#### ***China's inflation data:***

- China released its November inflation data today. PPI y-o-y came in at -2.2% Vs the estimate of -2% and -2.1% prior.
- CPI rose 0.7% y-o-y Vs the forecast of 0.7% and 0.2% prior; however, it fell 0.1% Vs the forecast of +0.2%. Overall, China's inflation data are somewhat negative for industrials and call for more stimulus.

#### ***Japan's PPI:***

- Japan's PPI rose Vs the forecast of 2.7% (prior 2.7%). PPI rose 0.3% m-o-m as against the estimate of 0.3% (prior 0.4%).

### Rate cut bets being pared:

- Traders are betting on fewer interest-rate cuts across the globe.
- As the global yields rise, money markets are now pricing in fewer rate cuts next year. Markets see almost no prospect of further interest cuts from the European Central Bank, and around a 30% chance of a hike by the end of 2026. It is widely expected that Bank of Japan will raise its benchmark rate 25 basis points on December 19 to 0.75% and could hike at least once more next year. Traders now see less than three rate cuts in the US, with the outlook for 2026 changing. Australian central bank Governor Michele Bullock on Tuesday ruled out further easing as markets now price in two rate hikes by the end of the next year.
- It is to be noted that ECB official. Executive Board member Isabel Schnabel said yesterday she's comfortable with the next move in borrowing costs being higher.

### Trade and tariff developments:

- In a negative development of the Indian Rupee, the US President said that he could impose fresh tariffs on Indian rice and Canadian fertilizer. Some US farmers have complained about falling rice prices due to Indian rice imports.

**Upcoming data:**

- Today's US data on the card include Employment Cost Index (3Q). Initial jobless claims and trade balance (September) will be released on December 11.

## Precious metals: Settle higher as silver surges to a record high

**Gold: marginal gain**

- Spot gold continues to consolidate ahead of the FOMC's monetary policy decision.
- Total known global gold ETF holdings at 97.85 MOz are at the highest since October 24.
- ETF gold holdings have risen for two straight weeks.
- Support is seen at \$4130/\$4090. Resistance is at \$4245/\$4300.
- Outlook is positive.

**Silver: A fresh record high**

- Total known silver ETF holdings stand at 843.74 MOz, up 17.73% YTD, which is equivalent to a net inflow of around 4000 tons.
- Silver can rise to \$62-\$65 in the coming weeks/months but we may see huge volatility in the counter due to shift of sentiments, Fed rate decision and projections and ETF flows.
- Support is around \$59/\$58.50/\$56.40.

## Base metals: Down ahead of the Fed's decision

- LME inventories fell across-the-board except for copper (+1125 tons).
- No fresh cancellations were noted in yesterday's LME inventory report.

**Copper: Likely to be volatile**

- LME Copper cancelled warrants stand at 63,100 tons, around 37%.
- Copper, after reaching a record-high of \$11771 on December 8, fell on profit booking ahead of the FOMC monetary policy decision.
- Chinese demand remains subdued as buyers struggle with record high prices.
- Copper is expected to trade between Rs 1063 and Rs 1105. Traders may buy the dips with a tight stop-loss.

**Zinc: Supported by low LME inventory level**

- Iron ore fell to the lowest level in a month as traders seek more details on China's stimulus front. China's Central Economic Work Conference (CEWC) is likely to be held in early 2026. Chinese crude steel output remains weak as industrial output of steel is at the lowest level since December 2023.
- LME cash-to-3-month spread is in a steep backwardation of \$165 on account of extremely low LME inventories.
- Support is at Rs 309/ Rs 306. Resistance is at Rs 314/ Rs 318.

**Aluminium: Cash-to-3-month spread weak**

- LME aluminium is in a contango of \$30, which shows no immediate supply concerns.
- LME bullish aluminium bets rose to 3-week high.
- Support is seen at Rs 273. Resistance is at Rs 282.

## Energy complex: Lower

### ***WTI Crude oil: Trying to steady itself***

- WTI crude oil steadied after biggest drop in three weeks as traders remain wary of oil glut.
- OPEC and IEA will release their reports later this week.
- Global commodities trader Trafigura said that oil market faces super glut next year with supply hikes.
- As per IEA, oil market is expected to have a record surplus of more than 4 mbpd.
- The EIA lowered US crude oil output for 2026 to 13.53 mbpd from 13.58 mbpd. 2025 output is estimated at 13.61 mbpd. It sees WTI spot price averaging \$51.42 in December 2026.
- The counter is seen range trading.
- Support is around \$57. Resistance is at \$60.

### ***Natural gas: falling on weather forecast***

- Natural gas extended its slump to the second straight day on Tuesday as mid-December US weather forecast turned warmer. Forecasts shifted warmer for December 14-18, especially in the central US, as per a weather forecast report by Atmospheric G2.
- US natural gas deliveries to US LNG export terminals for eventual exports to other countries remain elevated around 18.05 bcf/day.
- Support is seen around Rs 405/ Rs 385. Resistance is around Rs 424/Rs 445.
- The counter is likely to be quite volatile due to frequent changes in the weather forecasts.

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