



Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Research Associate

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Daily Base Metals Report

US stocks opened slightly higher today, recovering modestly after yesterday's sharp declines. Revised Q3 GDP data from the world's largest economy surprised to the upside, showing growth at 3.1% QoQ, supported by a robust 3.7% increase in personal consumption—the strongest level since Q1 2023. The Leading Index, which provides a snapshot of the economy's short-term outlook by aggregating key indicators, also exceeded expectations, rising to 0.3% in November—the highest reading since February. These data points highlight the momentum gained by the US economy in the second half of the year. Yesterday's hawkish statement from Chair Jerome Powell reaffirmed market expectations that the Fed will proceed cautiously with monetary easing in 2025. This stance drove further strength in the dollar, with the dollar index climbing to 108.25 today, its highest level in months. Treasury yields also rose, with the 10-year US Treasury yield reaching 4.55%, marking its highest level since May. Elsewhere, both the Bank of Japan and the Bank of England kept their policy rates unchanged at 0.25% and 4.75%, respectively.

The dollar rally caused a downward correction in the base metals market at the open. Although the downside pressure eased later in the day, prices remained below subdued, struggling to fully recover. Nickel broke below the robust \$15,500/t level to \$15,110/t, the lowest it has been since 2020. Zinc dipped below the \$3,000/t mark to \$2,968/t. Other metals showed a bit more resilience, as today's weakness failed to break the multi-month lows. Aluminium weakened for the fourth straight day but struggled to break below the \$2,500/t support level, prompting prices to trade at \$2,508/t. Likewise, copper traded below \$9,000/t, but support at \$8,867/t held firm, as copper traded just above \$8,897/t. We expect downside pressures to ease in the coming days.

Higher US Treasury yields continued to weigh on precious metals, with gold falling below \$2,600/oz, and silver dropping to \$28.80/oz, its lowest level since September. Oil markets remained volatile throughout the day, but prices edged higher at the time of writing, with WTI trading at \$70.30/bbl and Brent crude at \$72.30/bbl.

All price data is from 19.12.2024 as of 17:30

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