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Daily Base Metals Report

US stocks opened lower today following a stronger-than-expected labour market report. Nonfarm payrolls, a key measure of employment in the US excluding farm workers, government employees, and non-profit positions, rose by 256k in December, significantly surpassing expectations of 165k and outpacing the 212k increase recorded in November. The unemployment rate also edged lower, decreasing from 4.2% to 4.1%. The robust labour market data led to a shift in market expectations regarding the Federal Reserve's monetary policy trajectory. The forward swap curve moved further to the right, signalling that markets now anticipate rate cuts to occur later than previously expected, reflecting the view that economic resilience could prompt the Fed to maintain higher rates for longer. Following the data, the dollar index surged, nearing the 110 level, while the 10-year US Treasury yield climbed above 4.78%.

Buying pressure intensified in the base metals market despite a dollar rally, highlighting that the complex is moving independently from the macroeconomic indicators. Aluminium jumped higher, but the December high of \$2,575/t capped upside momentum later in the day, prompting aluminium to return to \$2,572/t. Likewise, copper tested levels above \$9,100/t but lacked the risk-on appetite to break above this level completely, resulting in a slight day-on-day correction to \$9,092/t. Nickel, on the other hand, managed to break above the robust \$15,500/t resistance to \$15,630/t; the next level of resistance now stands at \$16,000/t.

The evolving monetary policy expectations supported a rally in precious metals. Gold surged, breaking above \$2,980/oz, while silver followed suit, testing the \$30.60/oz level. Oil prices also advanced after yesterday's market pause. WTI rose to \$75.60/bbl, and Brent crude climbed to \$78.60/bbl, reflecting renewed momentum in energy markets.

All price data is from 10.01.2025 as of 17:30

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