



Commodities Canvas

MONTHLY REPORT, DECEMBER 2025, 114th EDITION

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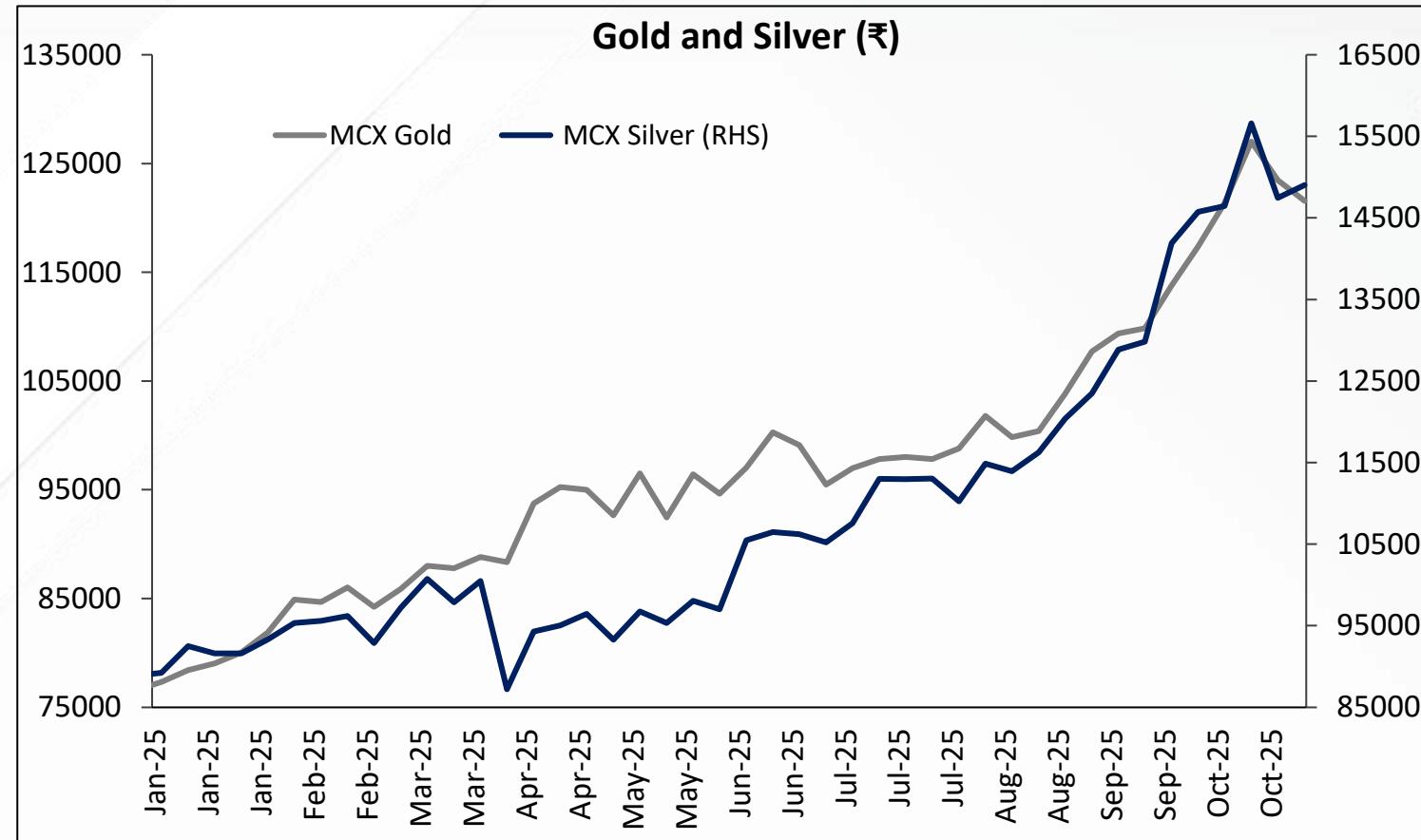
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Commodity Returns

Commodity	Closing price (28/11/25)	1 week	1 month	1 Year	YTD	Analysis
Gold (₹)	127891	2.9%	5.7%	68.0%	58.7%	Edging higher with renewed buying interest
Gold (\$)	4218	3.8%	5.4%	59.2%	52.8%	Surging with fresh buying interest
Silver (₹)	171637	11.3%	15.8%	88.2%	91.6%	New all time high giving a record close
Silver (\$)	56.4	12.8%	15.9%	84.0%	85.4%	Resulting in a record closing indicating stellar move
Crude Oil (₹)	5324	2.4%	-1.8%	-9.2%	-15.5%	Lack of clear direction amid mixed cues
Natural Gas (₹)	425	2.6%	16.7%	50.3%	47.1%	Seasonal shift supporting bullish momentum
Copper (₹)	1036	3.3%	2.5%	28.1%	27.2%	Fresh breakout, bulls taking full control
Zinc (₹)	303	-1.0%	0.9%	5.7%	18.2%	In a steady up trend throughout the month
Aluminium (₹)	273	2.6%	0.5%	12.8%	11.1%	Bullish strength lifts prices to 2022 highs
Dollar index	99.48	-0.7%	-0.2%	-6.3%	-7.9%	Prices consolidating close to critical support zone

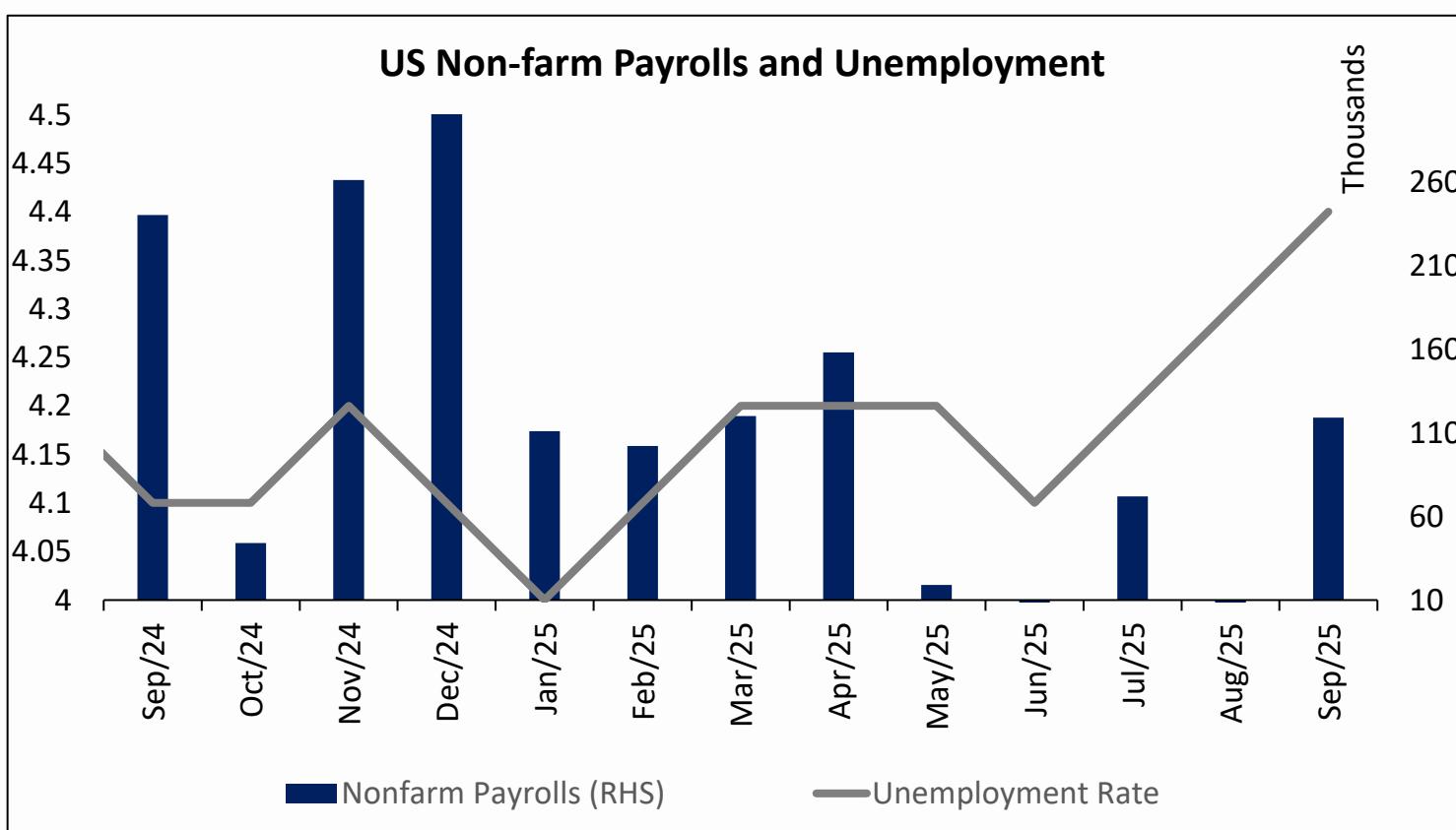
Precious Metals

Gold and Silver Bulls get some hurdle after strong rally



Source : Reuters

US unemployment rate rose 4.4%, amidst a US govt shutdown

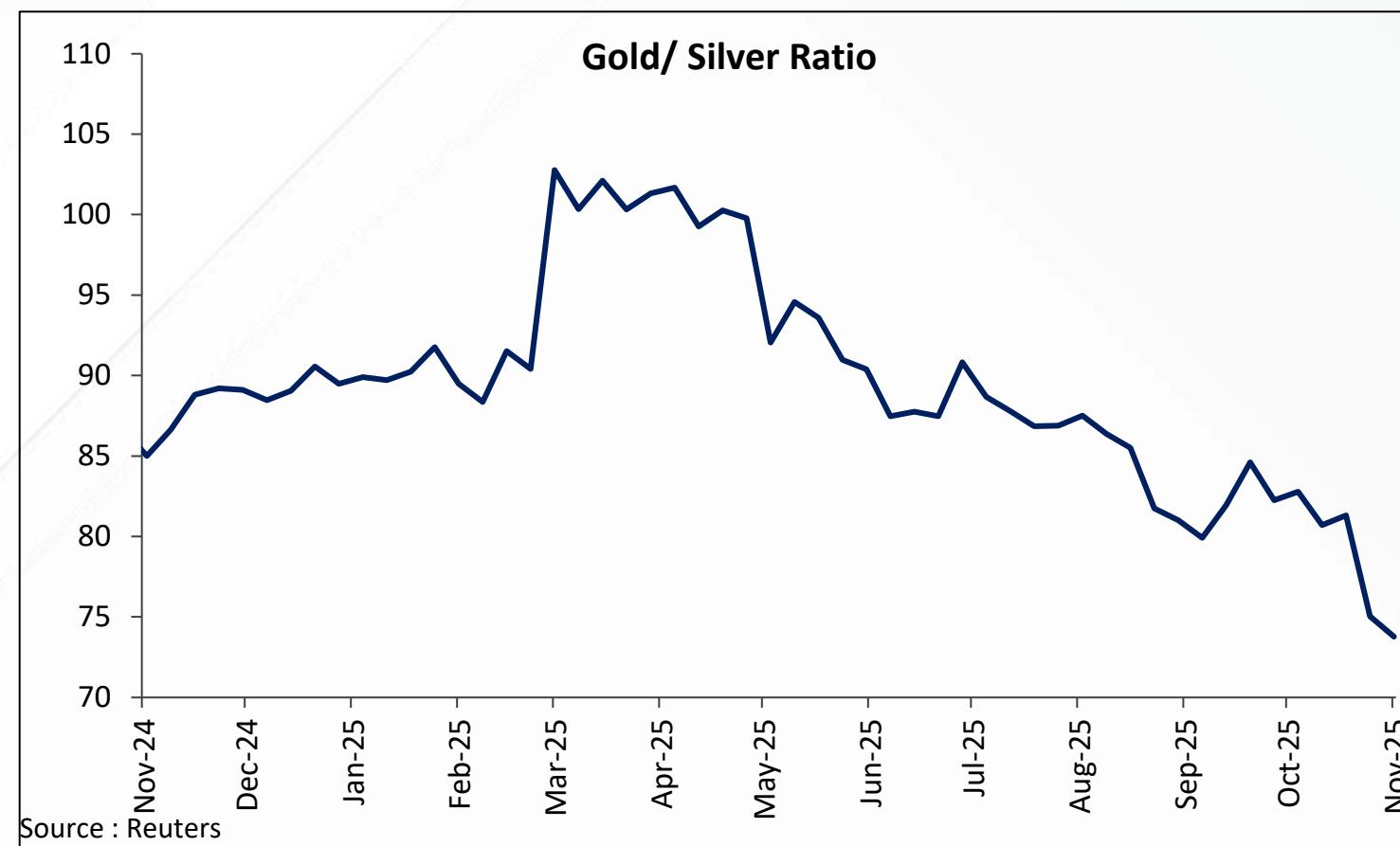


Source : Reuters

- Gold prices surged to new highs, amidst rising expectations of a US interest rate cut
- Governor Powell has announced two 25bps cuts in this year, with a growing possibility for a third cut in December
- Markets are pricing in about ~90% chance of a 25bps rate cut in Dec meeting - up from 40% a few weeks ago
- Prices have been trading ~60% higher YTD backed by geopolitical tensions, tariff wars, and investment demand
- Dovish comments from Federal Reserve officials and weak economic data increased speculation of a rate reduction
- DXY has been trading below \$100, signaling sustained dollar weakness from easing US rate expectations
- Bank of Japan moves toward rate hikes while the Fed Reserve cuts rates, as the narrowing US–Japan interest rate gap would further weaken the dollar
- Recent U.S. labor data show non-farm payrolls rose by 119,000 in September 2025, while unemployment remained at 4.4%, creating a confusing backdrop on the economic front
- Local gold ETFs continue to draw strong investor interest: net inflows were ₹7,743 cr in October 2025, pushing cumulative 2025 inflows to ~₹27,572 cr
- Gold prices are also supported by higher central bank buying and strong ETF inflows, adding US \$8.2 billion in October 2025
- Prices are expected to trade higher, in anticipation of a third rate cut this year and sustained investor demand.

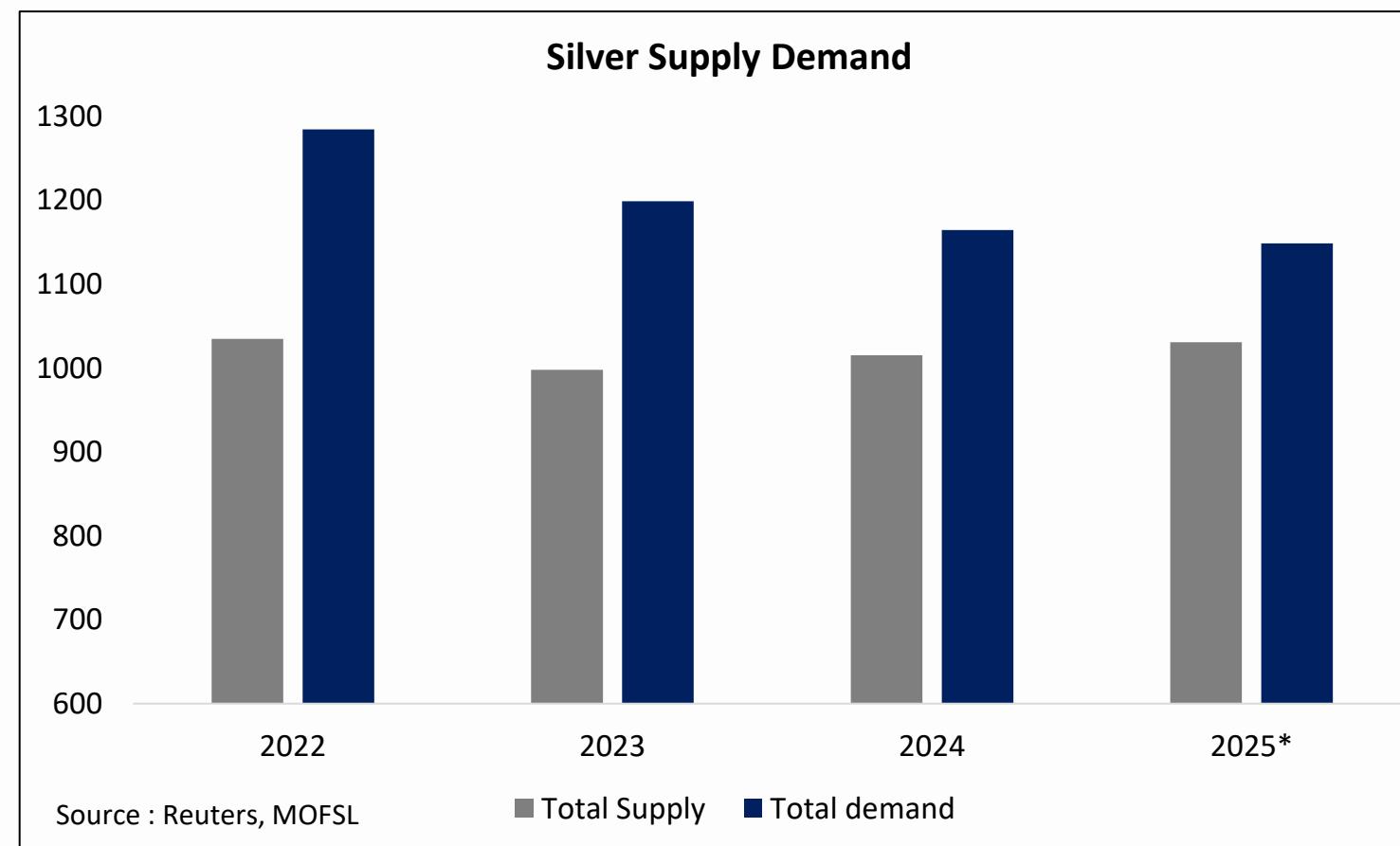
Precious Metals

Gold/Silver ratio reverses after a sharp fall



- Silver rallied through November, supported by supply tightness, Rupee weakness and bets over a rate cut in December
- The Comex outage shifted silver price discovery to the physical market, causing a spike, as 75 million ounces moved into CME vaults since October for stockpiling and hedging, tightening available supply.
- For 2025, silver market deficit is expected to reach 95 Moz, marking the fifth consecutive annual deficit
- Industrial sectors like solar, AI/data centres, and EVs are still growing, but they're using less silver per unit, so total industrial silver demand is expected to slip 2% in 2025
- Jewellery, silverware, and bar/coin demand are also down 4–11% this year due to high prices and weak US buying, though Indian purchase remains strong

Deficit projections continue for silver



- Mine production remains flat at 813 Moz, with no major new projects coming online. Since 70% of silver is as a by-product of base-metal mining, supply can't easily increase.
- The gold–silver ratio fell from 100+ to 75, still above the long-term average of 70, signaling upside potential and growing investor confidence.
- Near-term outlook remains bullish but volatile, as supply deficits, strong demand, tight inventories, high lease rates, and robust ETF inflows support a higher price floor.
- In the near term, silver traders should watch the Dec 9–10 FOMC meeting, US inflation prints, dollar/yield moves, China's export trends, CME vault flows, and ETF demand all of which will decide whether silver's tight-supply rally extends or cools.

Gold

Current Month Stance: Positive

Daily Chart

Stance: The overall structure stays bullish following the symmetric triangle breakout, with prices eyeing 1,36,000–1,42,000.



Silver

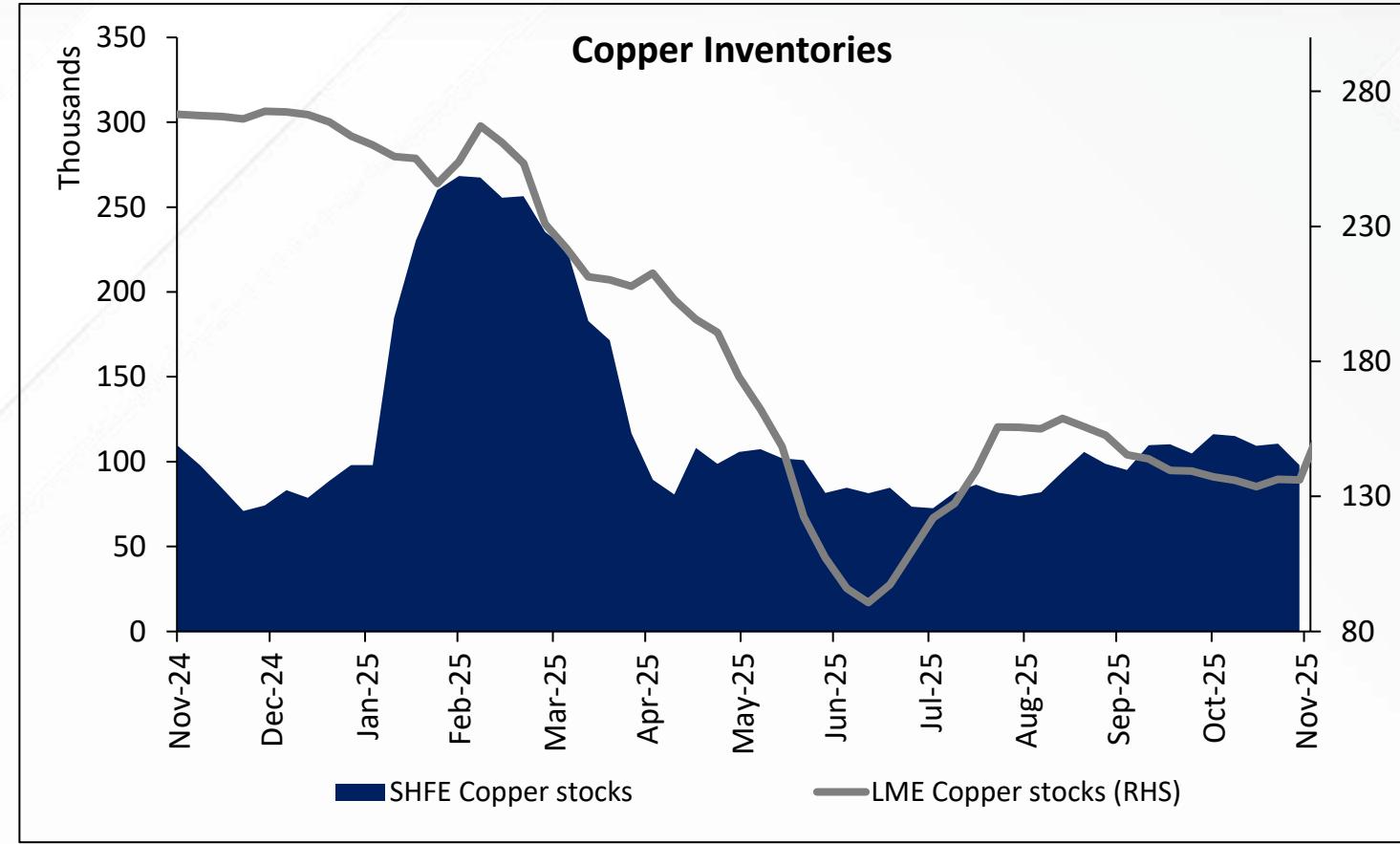
Current Month Stance: Positive

Daily Chart



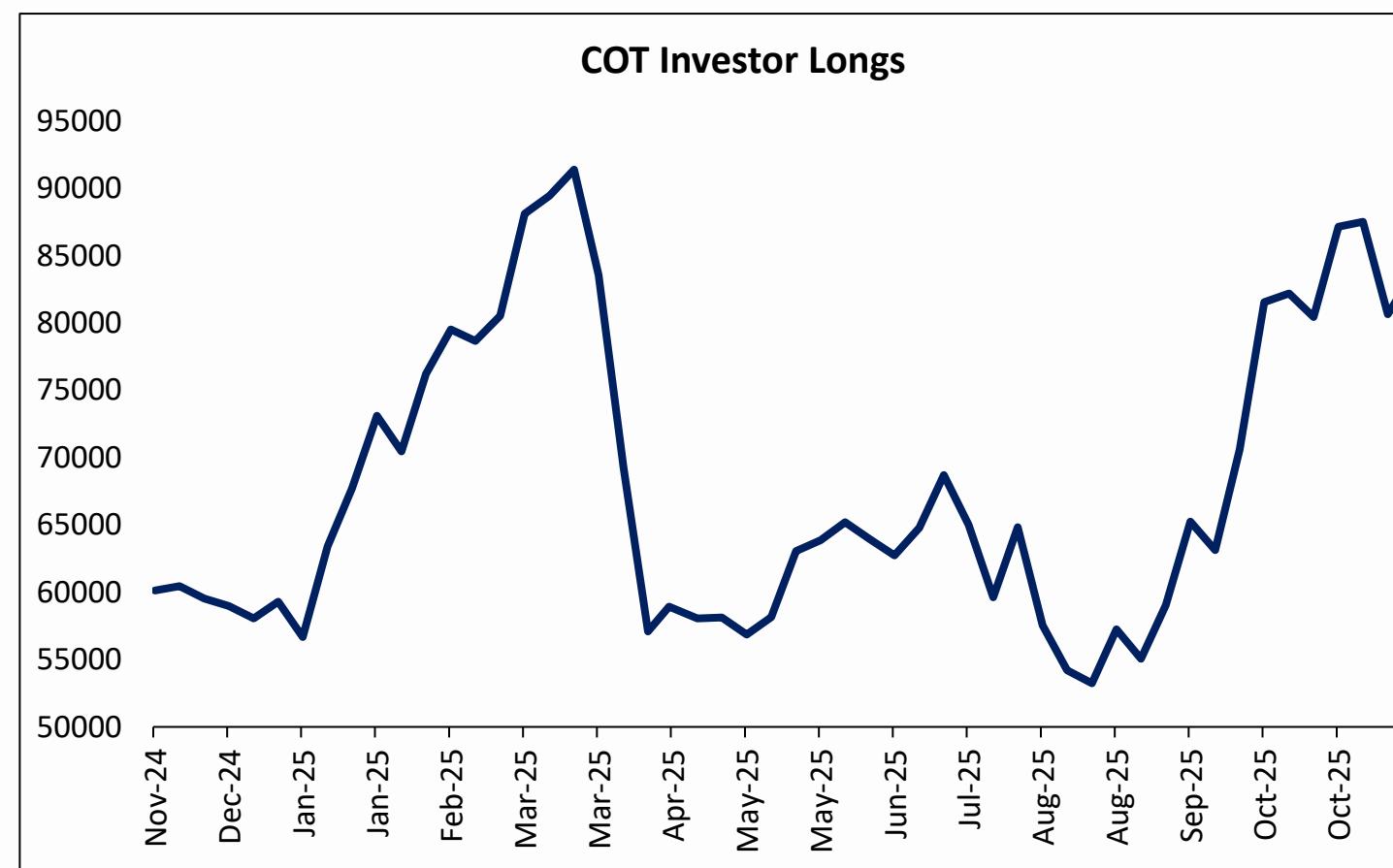
Base Metals- Copper

LME Inventories have been increasing since tariff announcement



Source : Reuters

Investors have been confident in the uptrend of copper prices

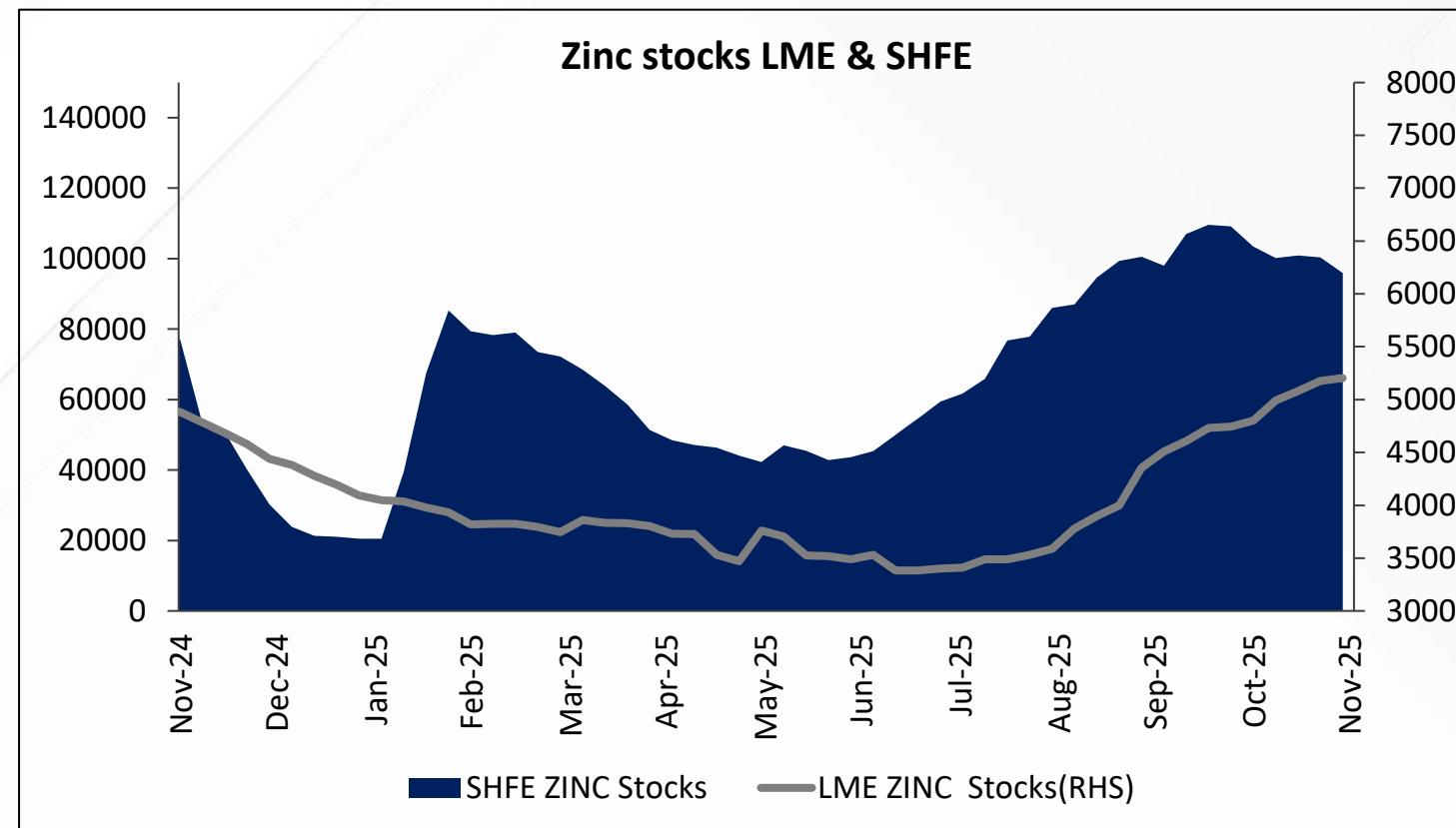


Source : Reuters

- Copper prices surged to record highs above \$11,200/tonne amidst tightening supply concerns, planned cuts by Chinese smelters to cut production by 10% in 2026, and a weaker dollar
- COMEX investor long positions remained elevated at nearly 82,000 contracts in late November, well above August lows
- COMEX copper inventories surged past 400,000 tonnes, the highest level since 2003, supported by strong arbitrage inflows
- The COMEX–LME price premium averaged \$250–300/tonne, pulling large volumes of copper into US warehouses
- LME inventories rebounded to around 156,000 tonnes in November, though they remain 40% lower YTD
- Chile's refined copper exports fell 25% in October, with weaker shipments to both the US and China
- China's refined copper imports rose 8% in September, marking the fourth consecutive monthly increase
- Global refined copper consumption grew 6% in Q3 2025, with China accounting for 57% of world demand, supported mainly by strong EV production
- Copper prices remain supported and positioned for further gains, with strong demand cues and supply tightness woes.

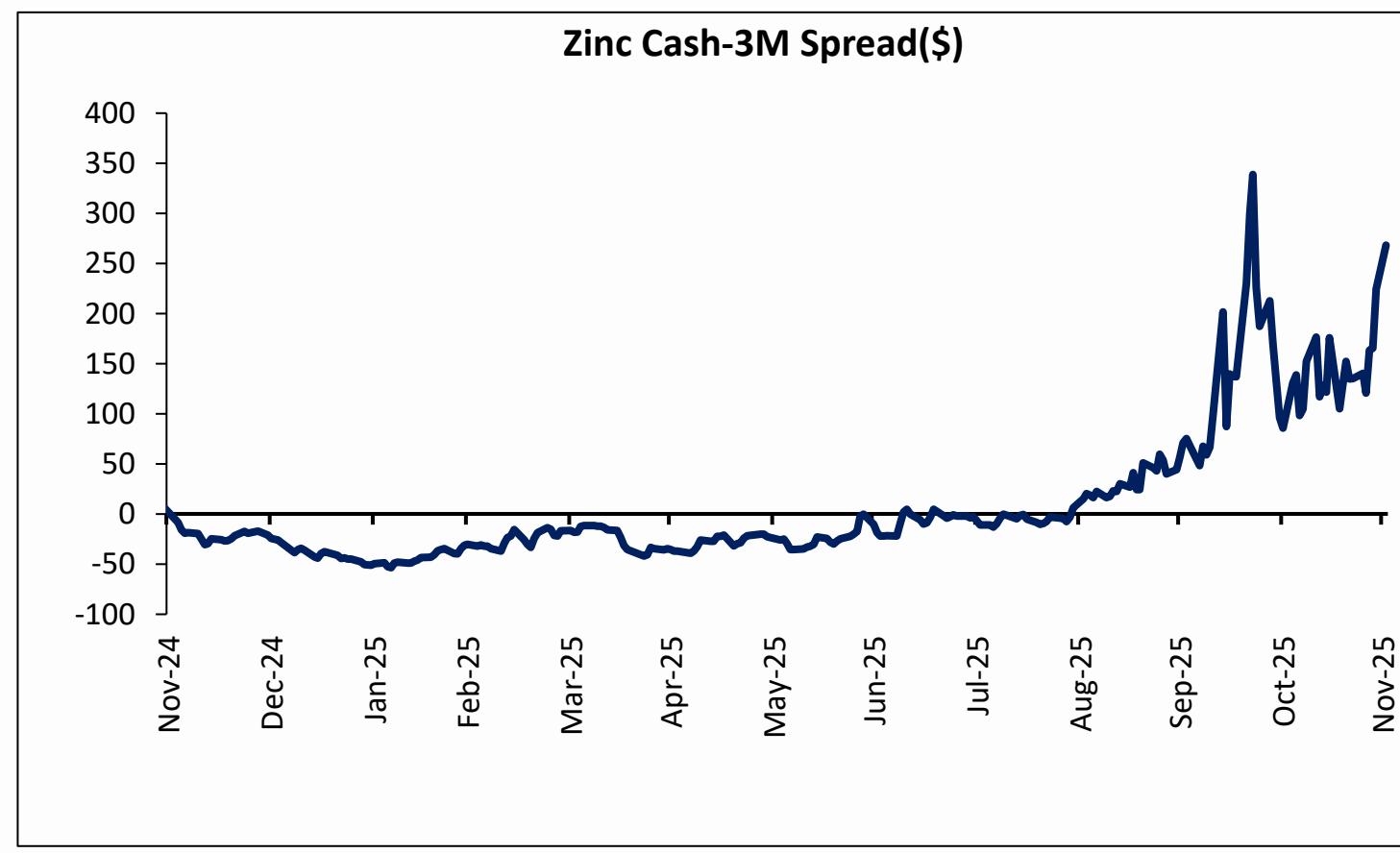
Base Metals- Zinc

Inventories falling at LME but a different picture at SHFE



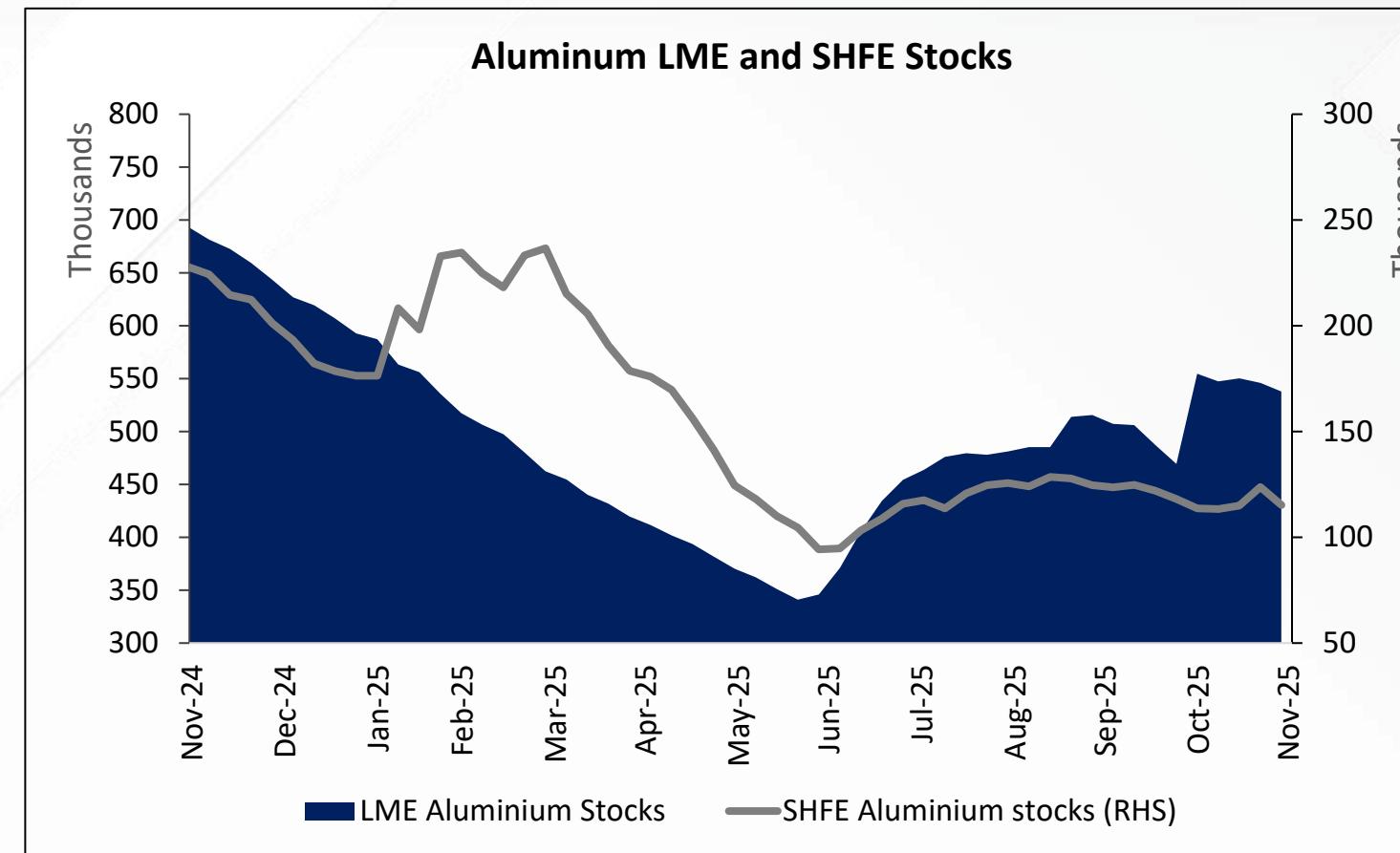
- Zinc prices logged in marginal gains in November, retreating from previous months highs
- LME zinc inventories collapsed by 75–80% over the year to only about 50,000 tonnes, roughly one day of global consumption
- The stock collapse triggered a record cash-to-three-month backwardation above \$300/tonne
- Despite tight visible stocks, 2025 is still expected to record a global refined zinc surplus, largely concentrated in China
- China's refined zinc exports jumped 244% MoM in October as smelters captured strong LME premiums
- Zinc concentrate imports in China were down 32.6% MoM in October as import margins turned negative, along with downstream zinc demand weakening
- While Chinese refined zinc output rose 21% YoY in October, smelting capacity outside China continues to shrink due to closures and cuts
- Zinc prices are expected to trade with a slightly positive bias, although few hiccups may hinder further gains.

LME Zinc Cash-3M Spread in backwardation since a quarter



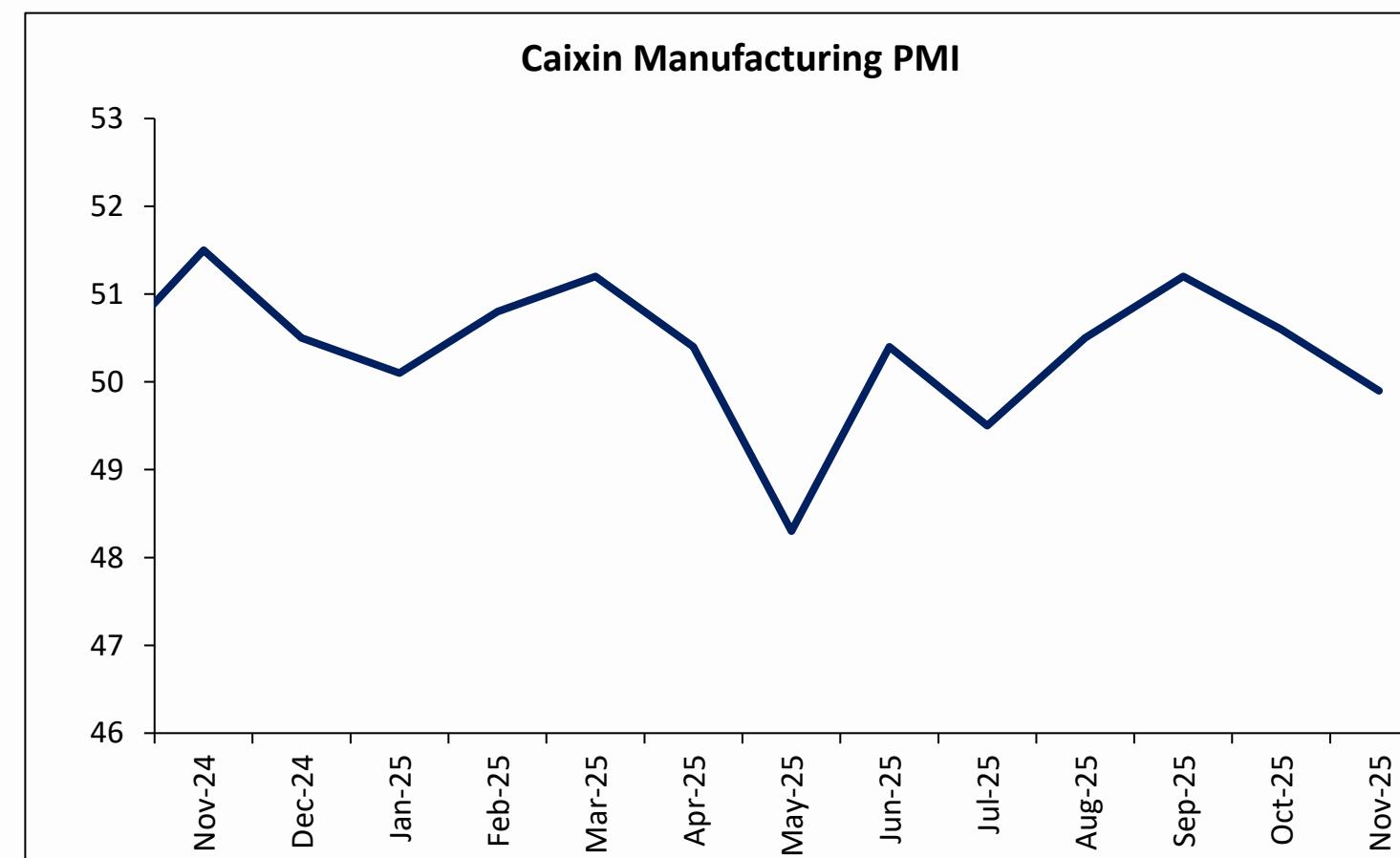
Base Metals- Aluminium

Inventories trend changing gradually, off highs of last year



Source : Reuters

Manufacturing PMI still remains in contractionary zone



- Aluminium prices rose just 1% in November after a strong 5% gain in October
- Prices were initially supported by production disruptions in Iceland and at a Century Aluminium facility in the US
- LME aluminium inventories rose for the fourth straight month to ~540,000 tonnes in, mainly due to higher Malaysian stocks
- Despite the recent increase, LME stocks remain 24% lower YoY, indicating continued structural tightness
- ~50% of LME aluminium stocks are of Russian origin, creating supply risk due to EU trade restrictions
- China's primary aluminium imports surged 41% YoY in September, driven by shipments from Russia
- Global aluminium consumption was nearly flat in September, while Chinese demand slipped marginally to about 3.9 million tonnes
- Global primary aluminium production declined 1% YoY in September to 6 million tonnes, with China and India both reporting slight output declines
- China's manufacturing PMI came in below 50 in November, and the property sector remains under heavy stress
- Aluminium prices are expected to trade sideways to positive with lack of any new catalysts.

Copper

Current Month Stance: **Bullish**

Daily Chart



Daily Chart



Aluminium

Current Month Stance: Range bound

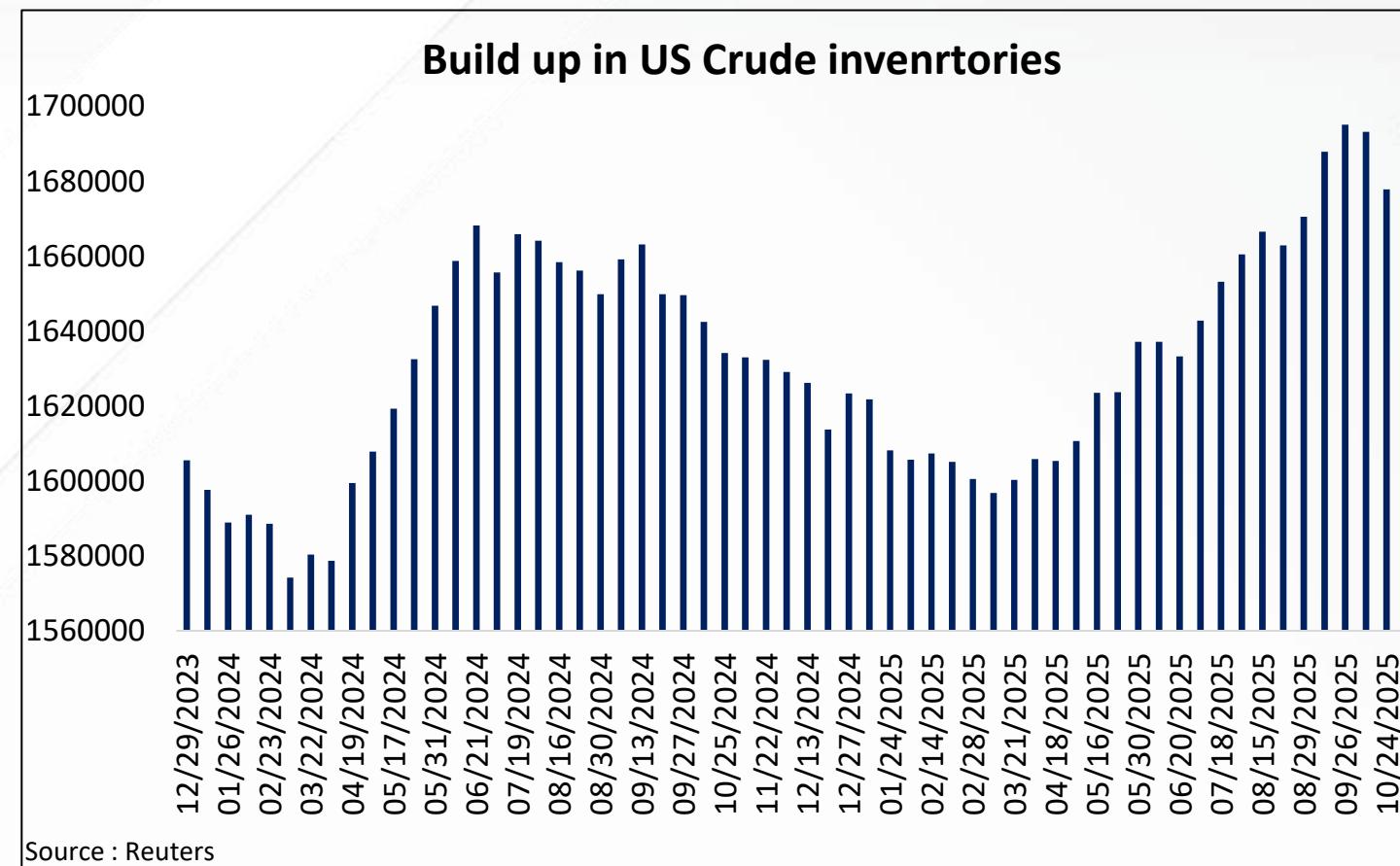
Daily Chart

Stance: Prices are likely to remain in the broader range 285 - 270 with a neutral to positive bias.

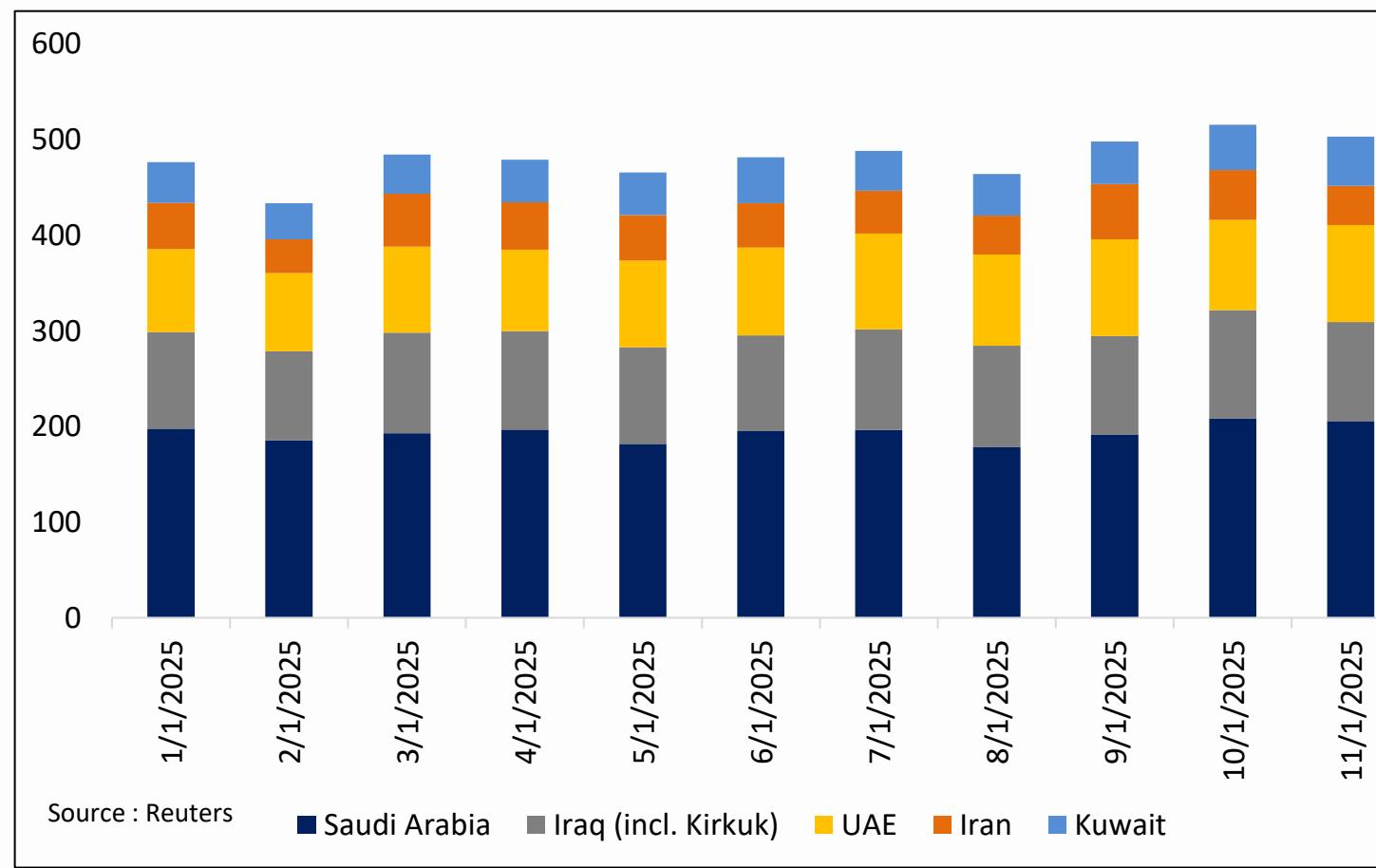


Crude Oil

Weekly U.S. Ending Stocks of Crude Oil and Petroleum Products

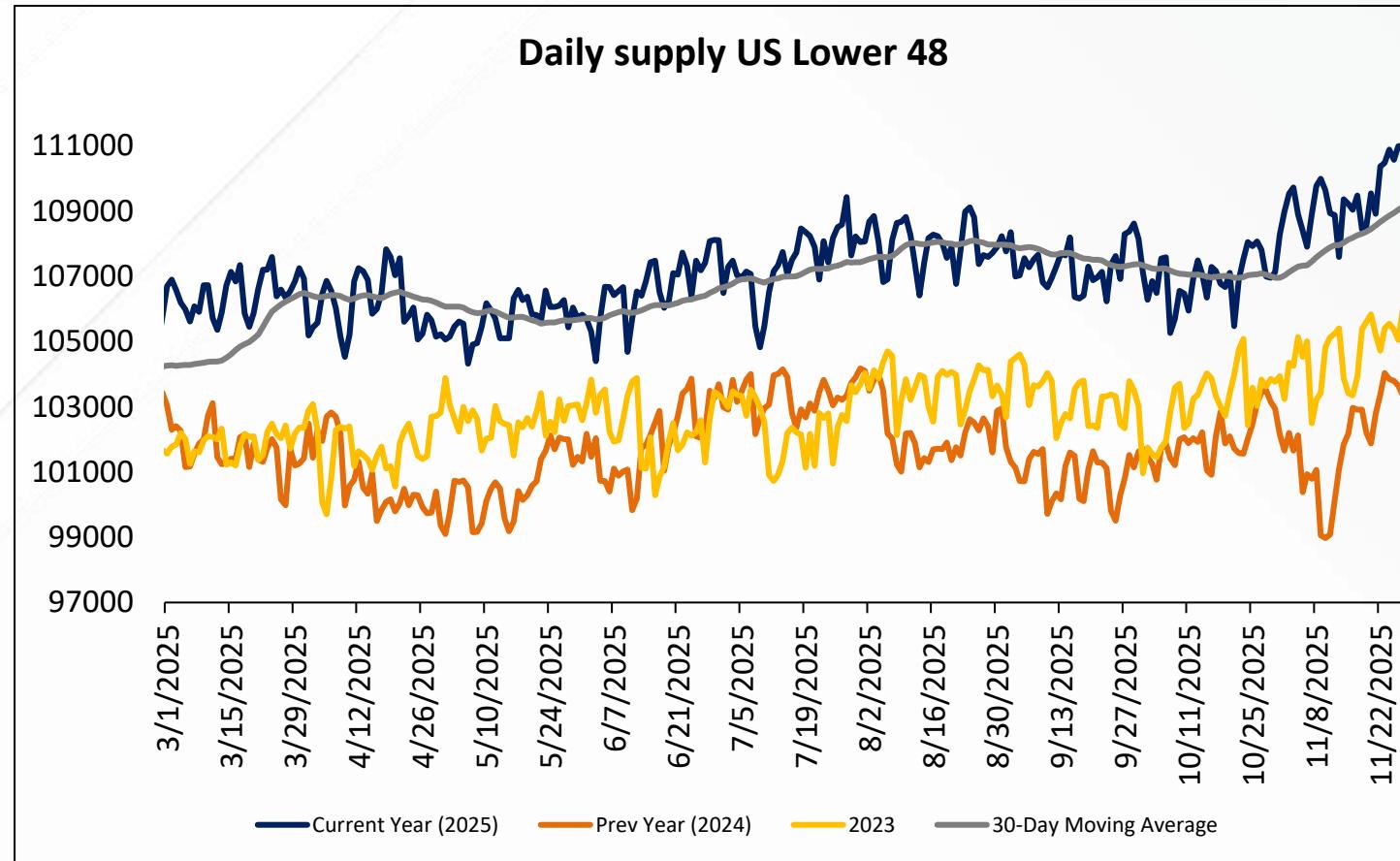


Cumulative Monthly ME crude shipments



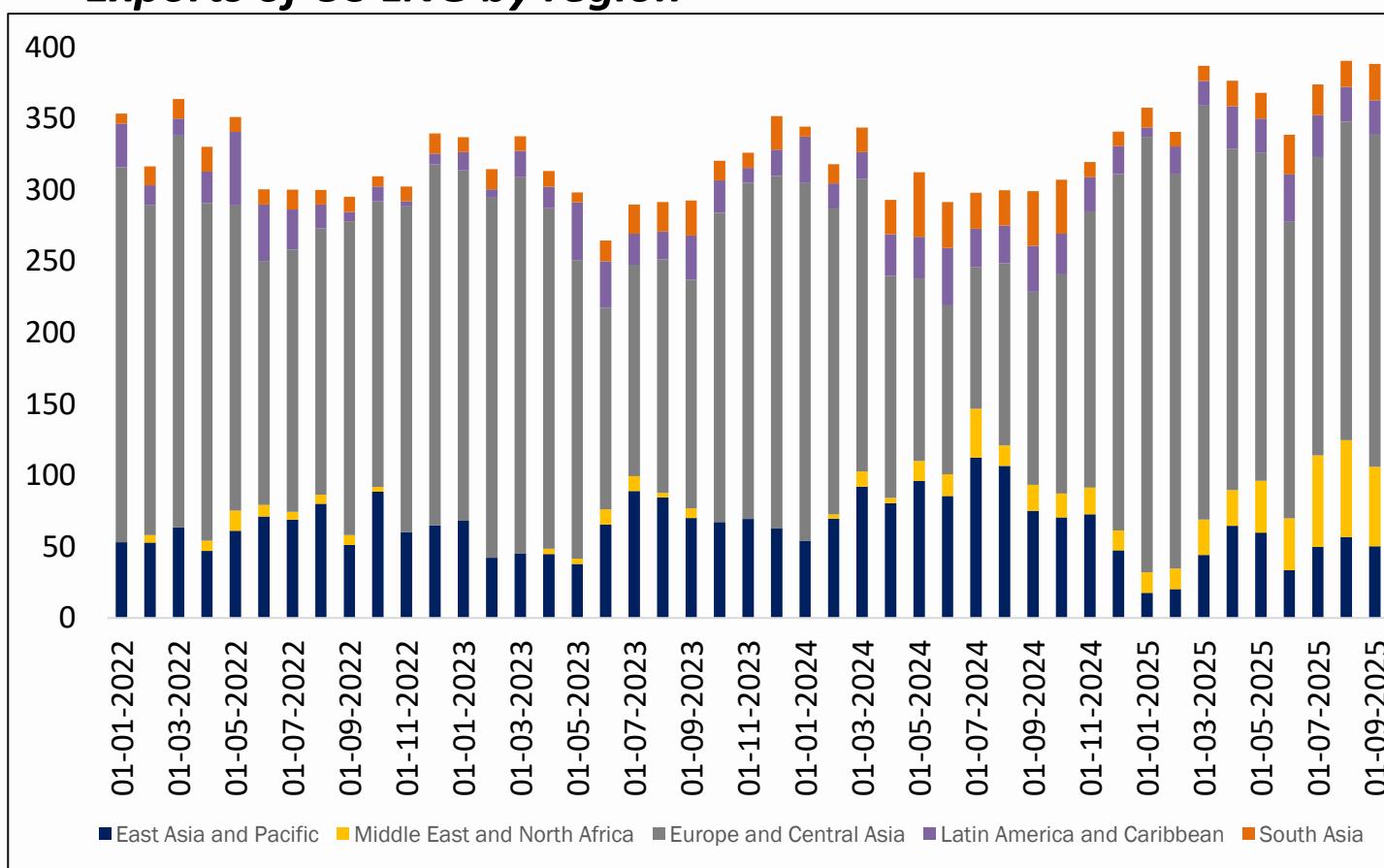
- Early indications of a 2026 surplus continued to pressure crude prices through November, reinforced by OPEC and EIA forecasts showing supply surpassing demand
- Rising volumes of sanctioned crude stored offshore amid non-OPEC supply growth, deepened oversupply concerns
- Russian sanctions added uncertainty, while Russia-Ukraine attacks kept a mild risk premium amid an otherwise weak crude market
- U.S.-led peace efforts eased supply disruption fears, though past attempts show a lasting Russia-Ukraine deal remains unlikely
- Changing expectations around Iranian supply, particularly the potential return of additional barrels, weighed on crude prices
- Venezuela has voiced concerns that U.S. sanctions and tariffs could limit its oil output and create instability in the global market
- China expanded crude import quotas for independent refiners, increasing their ability to buy discounted sanctioned barrels. Expectations of potential SPR buying provided a soft floor to prices
- OPEC paused further Q1 2026 output hikes, keeping 3.24 mbpd of voluntary cuts intact, and approved a new capacity-assessment mechanism for 2027 baselines
- **Despite geopolitical events, weak demand and ample supply kept sentiment bearish. Prices need a catalyst like renewed tensions, output cuts, outages, SPR buying, or stronger macro data to rebound.**

Increasing production in US



- Natural gas rose over 12% in November on stronger winter demand, but La Niña, an active MJO, and inconsistent winter patterns keep the December outlook highly uncertain.
- Colder U.S. forecasts and a softening polar vortex boosted early-December heating demand, though mid-month model divergence limited further upside.
- NOAA's mid-December forecasts show mixed conditions, with the West and South trending warmer than normal. La Niña-driven variability adds uncertainty, weakening expectations of a sustained cold pattern.
- U.S. natural gas production reached a record 109.1 Bcf/d in November, surpassing prior peaks, limiting price rallies despite cold weather, though strong export demand provided partial support.

Exports of US LNG by region



- LNG feedgas ranged 14.5–15.4 Bcf/d, with robust European and Asian demand helping offset production pressure.
- The initial winter draws from U.S. storage, at 14 Bcf and 11 Bcf, indicate a measured and balanced beginning to the withdrawal season.
- Renewed Russia–Ukraine peace discussions kept geopolitical risk premiums subdued. However, given past failures to secure an agreement, markets remain cautious about relying on any durable supply impact.
- **Record production, mixed forecasts, and comfortable storage might cap upside going ahead. A sustained uptrend would require prolonged or extreme cold to boost heating demand.**

Crude oil

Current Month Stance: **Bullish**

Daily Chart



Natural gas

Current Month Stance: **Bullish**

Daily Chart



Economic Events- December 2025

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
1 CNY RatingDog Manufacturing PMI US ISM Manufacturing PMI	2 Fed Chair Powell Speaks	3 CNY RatingDog Services PMI US ADP Non-Farm Emp Change US Industrial Production m/m US ISM Services PMI	4 FOMC Member Bowman Speaks	5 US Core PCE Price Index m/m US Consumer Sentiment US Personal Income m/m US Personal Spending m/m
8 CNY Trade Balance CNY New Loans	9 JOLTS Job Openings	10 CPI y/y PPI y/y	11 FOMC Economic Projections FOMC Statement PPI m/m	12 -
15 CNY Fixed Asset Investment ytd/y CNY Industrial Production y/y CNY Retail Sales y/y	16 Average Hourly Earnings m/m Unemployment Rate Building Permits Housing Starts Industrial Production m/m Flash Manufacturing PMI Flash Services PMI	17 US Retail Sales m/m	18 US CPI y/y US Unemployment Claims	19 Final GDP q/q Core PCE Price Index m/m Existing Home Sales Revised UoM Consumer Sentiment Personal Income m/m Personal Spending m/m
22 CNY 1-y Loan Prime Rate CNY 5-y Loan Prime Rate	23 Prelim GDP q/q CB Consumer Confidence New Home Sales	24 US Core Durable Goods Orders m/m	25 US Bank Holiday	26 -
29 Pending Home Sales m/m	30 -	31 FOMC Meeting Minutes Manufacturing PMI Non-Manufacturing PMI		

Central Bank Policies					
Central Bank	RBI	FED	BOJ	BOE	ECB
Date of Policy	1st October, 2025	29th October, 2025	30th October, 2025	6th November, 2025	30th October, 2025
Next Policy meet	5th December 2025	11th December 2025	19th December, 2025	18th December, 2025	18th December, 2025
Current Interest rate (%)	5.50%	3.75-4%	0.50%	4.00%	2.15%
Stance	Pause	Hawkish Cut	Pause	Pause	Pause
Key highlights of the meeting	RBI maintains repo rate at 5.5% Headline inflation is lower than before, due to falling food prices MPC members unanimously voted to keep repo rate unchanged RBI will closely monitor economic data and inflation trends RBI cuts FY26 CPI inflation forecast to 3.1% from 3.7% earlier RBI maintains real GDP growth estimates for FY26 at 6.5%.	Fed cut rates by 25bps, marking the second consecutive cut this year Fed noted that job gains have slowed, unemployment has edged up, and inflation remains somewhat elevated Fed Chair Jerome Powell cautioned that further reductions are “not a foregone conclusion” Powell struck a cautious tone, stating no rush to return to neutral	BOJ kept short-term interest rate at 0.5% The decision had dissenters, showing internal support is building for a future hike Japan’s economy is still seen in a moderate growth phase despite global risks Core inflation is still uneven, but BOJ expects it to move closer to the 2% target as wage growth improves Markets interpreted the tone as mildly hawkish with a near-term hike still on the table.	Monetary Policy Committee (MPC) kept Bank Rate unchanged at 4% BoE judged that headline inflation has likely peaked, noting declines in wage growth The decision was a narrow one: the Monetary Policy Committee voted 5-4 MPC cautious: balancing inflation risks against growth slowdown Dissent in vote shows easing bias could grow if data weakens.	ECB kept all three key interest rates unchanged Inflation in the eurozone remains close to the ECB’s 2% medium-term target The bank emphasised that monetary policy will remain data-dependent and evaluated meeting by meeting Headline inflation projections: ~2.1 % in 2025, ~1.7 % in 2026, ~1.9 % in 2027 Growth forecasts revised upward for 2025: now 1.2 % (from ~0.9 %)
Currency Impacted	USDINR(₹)	Dollar Index(\$)	USDJPY(¥)	GBPUSD(£)	EURUSD(€)
Impact on Currency	Neutral	Positive	Positive	Neutral	Positive
Impact on Gold	Neutral	Neutral	Neutral	Neutral	Neutral

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