

Commodity Insights

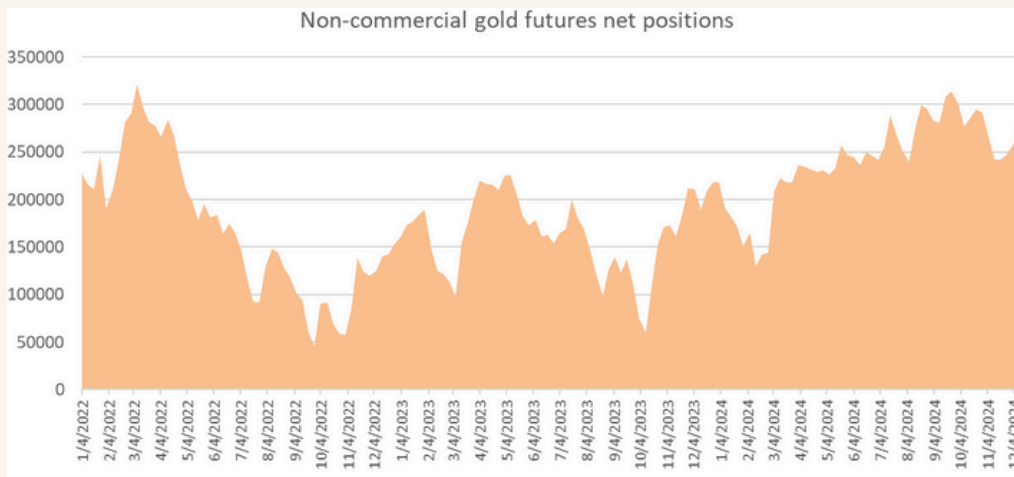
Macroeconomic Overview

In China, the Chinese government is focused on expanding domestic demand, boosting consumer spending, and improving living standards. Monetary and fiscal policies are becoming more proactive, emphasizing "extraordinary counter-cyclical adjustments." The government aims to stabilize prices amid low inflation and plans to enhance fiscal policies to support consumption and stabilize the real estate market. The U.S. central bank cut interest rates on Wednesday, new policymaker projections forecast two rate cuts in 2025

Gold

Gold prices experienced volatility, with a slight decrease of 0.34% in early December followed by an increase of 0.70% later in the month. Analysts from Macquarie suggest that with anticipated Fed rate cuts and increased central bank gold reserves, gold prices could rise significantly next year, potentially reaching historical highs. They predict an average price of \$2,650 per ounce in Q1 2025 and \$2,800 in Q2 2025. Gold is expected to experience upward momentum due to favourable monetary policies and increased demand from central banks.

Central Bank Purchases: In October, central banks globally purchased 60 tons of gold, with notable increases from India and Turkey. China's central bank resumed gold purchases after a six-month hiatus.



Data source : Bloomberg terminal

Copper

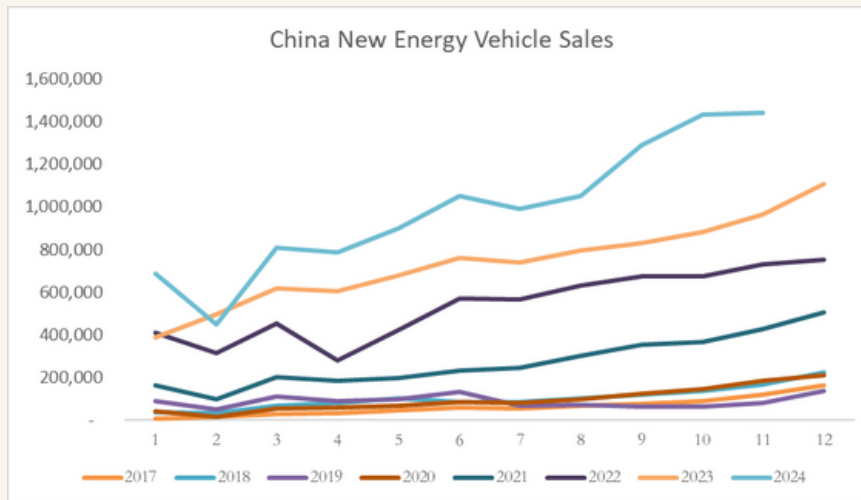
Copper prices saw an increase of 1.44% followed by a decrease of 0.65% in early December. Analysts from Citigroup warn that copper prices may face pressure due to trade tariffs imposed by the Trump administration and economic risks in China. Copper prices primarily experiencing fluctuations in the short term as facing challenges from geopolitical tensions and economic uncertainties.

Supply Dynamics: Mining company Antofagasta and Jiangxi Copper have agreed to significantly reduce copper processing fees for 2025, marking a 73.4% decrease from the industry benchmark of \$80/8 cents in 2024. Additionally, India plans to increase its domestic refining capacity to reduce dependency on imports.

Lithium

Lithium prices have declined by 2.42% and 1.11% in early December. The current market is characterized by strong supply and weak demand, leading to price fluctuations around production costs. Lithium's market remains volatile but may stabilize as supply adjustments occur amidst rising demand for electric vehicles.

Electric Vehicle Sales: In November, China's new energy vehicle sales reached a record high of 1.46 million units, driven by government support for trade-in policies, marking a 51% year-on-year increase and a 6% month-on-month increase. As of mid-November, the government had received over 2 million applications for trade-in subsidies.



Data source : Bloomberg terminal

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