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金山资产管理有限公司
GOLD MOUNTAINS ASSET MANAGEMENT LTD.

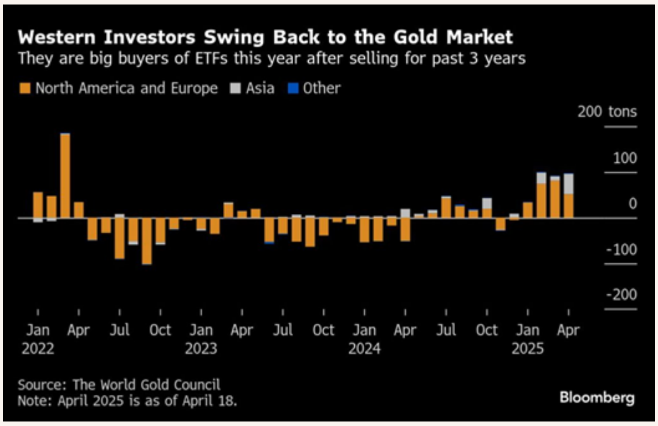
Commodity Insights

Macroeconomic Overview

China's April Politburo meeting met low expectations, calling for faster implementation of existing policies without new stimulus measures. Both U.S. and Chinese governments appear to be retreating from 100%+ tariff levels, with Walmart resuming Chinese shipments and China granting some U.S. product exemptions. China's Q2 economic activity is expected to weaken pending further stimulus and tariff negotiations.
In U.S., Q1 GDP contracted 0.3%, mainly due to front-loaded imports, while domestic consumption remains stable. April data shows steady employment and continued disinflation. The Fed is likely to maintain rates in May with dovish messaging. New tariffs have increased business uncertainty, which may impact consumption and employment. While Q2 growth may rebound due to reduced imports, structural weakness continues. Markets expect the Fed's first rate cut in July, with four cuts projected this year.

Gold

Gold prices declined -0.33% and -2.49% in the last weeks of April respectively, following a period of high volatility. The market has stabilized somewhat after Trump softened his stance on high tariffs and his rhetoric toward Fed Chairman Powell, leading to a temporary reduction in risk premiums.
JPMorgan projects a structural bull market in gold, forecasting prices to reach $3,675/oz by Q4 2025 and exceed $4,000/oz by Q2 2026. This outlook is supported by robust demand from both investors and central banks, with estimated quarterly net demand of 710 tons. Gold is viewed as a key hedge against the unique combination of stagflation, recession, currency devaluation, and U.S. policy risks expected in 2025-2026.
Notable market activity includes significant Chinese participation, with three Chinese brokers trading approximately 212,000 CMX-equivalent contracts when gold hit $3,500/oz on 22nd April.
The overall outlook remains supportive for gold prices, underpinned by its safe-haven status, inflation-hedging properties, and sustained central bank purchasing.

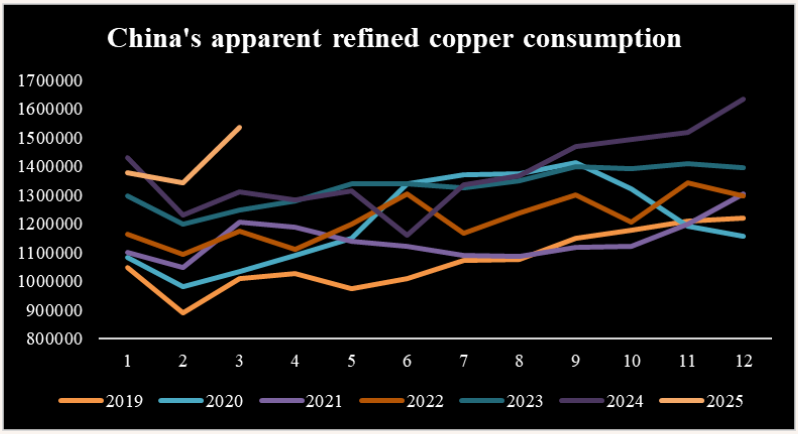


Data sources : Bloomberg terminal

Copper

Copper prices experienced a 1.18% increase followed by a slight decline in the past two weeks, mainly driven by a short-term rise in market risk appetite after the easing of Trump's tariff stance and supported by resilient US economic data. Morgan Stanley noted signs of tightening physical copper markets but expressed concern over weakening Chinese manufacturing activity-reflected in a drop of the manufacturing PMI to 49 and new export orders to 44.7 which may lead to delayed demand decline and a modest price pullback in the third quarter amid growing risks from tariffs and economic uncertainty.

Year-to-date, copper demand has been increasing, but as an industrial metal, it will inevitably be affected by U.S. tariff measures. We believe it will have a negative impact on the copper price baseline this year.



Data source : Bloomberg terminal

Lithium

Lithium prices fell sharply 6.11% in the last two weeks of April, as lithium concentrate prices fell below $800/ton, leading to downward pressure on prices.

SMM reported that a leading South American lithium producer has paused May order shipments and initiated negotiations with downstream customers due to pressure from long-term pricing mechanisms. The negotiations stem from a rapid decline in lithium carbonate prices below the agreed "floor price", leading to weakened demand. Analysts suggest that if producers adopt a withholding strategy to support prices, it could stabilize the market; however, if agreements are reached with effective price reductions, it may worsen market sentiment.

Market remains oversupplied with weak demand, as low-cost producers continue expanding capacity, posing ongoing downside risks; likely causing short-to-medium-term price fluctuations within a range.

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