25th March 2025

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

Commodity Insights

Macroeconomic Overview

Overall, China's economic activity in the first two months continued to be better than expected. Data shows that in the first half of March, economic activity remained stable, and the real GDP growth rate in the first quarter is expected to slightly exceed 5%. The issuance of local government special bonds in 2025 reached 4.4 trillion yuan, with 822 billion yuan issued so far, a pace higher than the same period last year, which will provide support to the economy in the second, third, and fourth quarters.

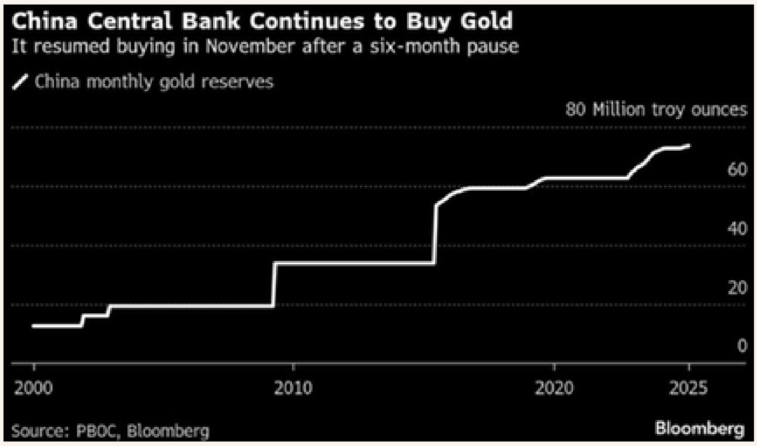
In U.S., Fed kept interest rates unchanged in March, in line with market expectations. Officials lowered their economic growth forecasts, raised their unemployment rate and inflation forecasts, reflecting their concerns that tariff policy will have a negative impact on the economy, while also exerting price pressure. According to CME Fed Watch, the market still expects two interest rate cuts this year

Gold

Gold prices increased by 1.25% in the week of March 17, driven by continued uncertainty around tariff policies, renewed geopolitical risks in the Middle East, and supportive U.S. macroeconomic data.

Goldman Sachs forecasts gold breaking above $3,000 per ounce amid high U.S. policy uncertainty and robust central bank demand, seeing upside risks to their $3,100-$3,300 price target range. UBS highlighted potential new U.S. tariffs could drive further safe-haven gold demand, in addition to gold ETF inflows and over 1,000 tons of central bank purchases projected by the end of the year.

In the medium-to-long term, gold prices are expected to see further upside if U.S. economic data weakens, leading to more accommodative monetary policy and capital reallocation to gold. Central bank buying, trade policy uncertainty, and ETF inflows should continue supporting gold.



Data sources : Bloomberg terminal

Copper

Prices rose as COMEX U.S. copper prices increased, with the market pricing in the prospect of U.S. copper tariffs.This also lifted London LME copper prices, as speculative long positions increased on the LME, leading to fluctuating but overall rising copper prices. Major banks have a bullish outlook on copper: Morgan Stanley expects further price upside on tariff prospects, noting supply tightness in the rest of the world. Goldman Sachs forecasts a 25% U.S. copper import tariff by year-end, leading to a surge in U.S. imports and inventories

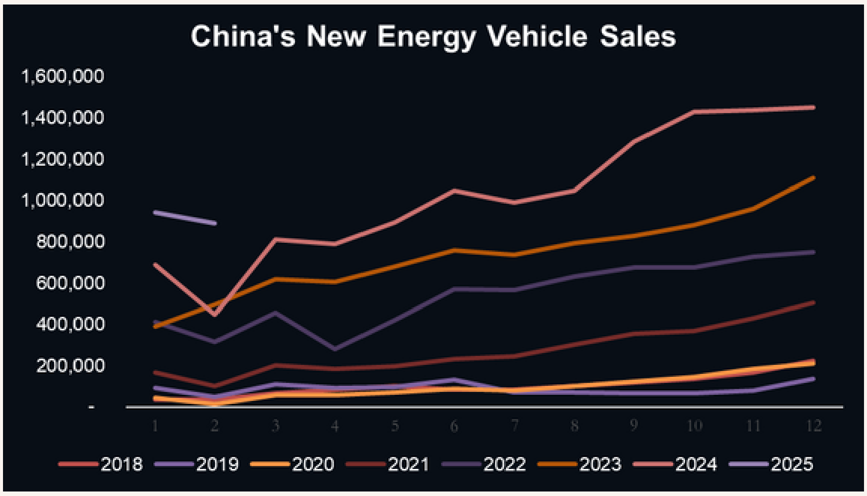
Since the start of the year, COMEX and LME copper prices have risen 27% and 13% respectively, largely reflecting the prospect of potential U.S. tariffs. However, in the near-term, there may be some downward pressure on copper prices as hundreds of thousands of tons of copper concentrate are expected to be shipped from free ports in Panama and Indonesia to various markets.

From a fundamental perspective, copper's downstream demand remains solid, and we believe copper prices will continue to be supported.

Lithium

SMM data shows weekly inventory increased by 2.2% compared to the prior week. The growth in demand has been unable to absorb the release of supply, leading to a generally weak price trend.

The lithium market remains oversupplied, with ongoing capacity additions by low-cost producers. This cycle has already built-up substantial supply capacity. If lithium prices start to rise, marginal producer can be quickly starting production. As a result, lithium prices may trade in a range in the short-to-medium term, with limited upside potential.



Data source : Bloomberg terminal

+852 28032207
7502A, 75/F, ICC,1 Austin Road West, Kowloon, Hong Kong
www.gmasset.com.hk