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Daily Base Metals Report

US equities opened higher today, driven by optimism surrounding the business-friendly agenda of newly inaugurated President Trump. The 10-year US Treasury yield edged lower to 4.55%, reflecting increased investor confidence in the potential for pro-growth policies under the new administration. Markets have been reacting to Trump's proposed policies, which include introduction of tariffs on imports from countries like Mexico and Canada. One of the most significant aspects of Trump's platform is his plan to evaluate compliance with trade agreements, including the United States-Mexico-Canada Agreement (USMCA) and China's adherence to the 2020 trade deal. He has also proposed a full review of the US industrial and manufacturing base to determine whether additional tariffs are warranted. These measures are seen as a certainty by markets, fuelling strength in the dollar earlier in the day, before closing the day below the 108 mark. Energy policy has also been a key focus, with Trump pledging to withdraw the US from the Paris Agreement, declare a national energy emergency, and roll back several Biden-era regulations aimed at reducing carbon emissions. His agenda includes opening federal lands and waters to more oil and gas drilling and expediting the approval process for liquefied natural gas export terminals. While the dollar's strength reflects market confidence in these policies, the lack of immediate clarity on implementation timelines and specific tariff details has contributed to ongoing volatility.

A stronger dollar at the market open weighed on the base metals' performance; however, it failed to derail their trading trajectory. In particular, copper, while capped by the \$9,300/t level, lacked momentum below \$9,200/t, continuing a marginal upward trend seen in recent days. The COMEX/LME arb gave back \$200 in a single day as COMEX prices weakened along with nearby spreads. In contrast, LME prices remained broadly unchanged, indicating that macroeconomic and political factors, including the current administration under Trump, are not being fully reflected in trades on the exchange. With the Lunar New Year approaching, Chinese participation is waning slightly, but action is expected to return in March and April, as seen per contract activity. We remain moderately bullish on copper in the meantime. Aluminium, on the other hand, began to mean-revert following the rally induced by the sanctioning announcement, correcting back to \$2,650/t. Lead and zinc remained unchanged at \$1,957/t and \$2,915/t, respectively. Nickel remained firmly above the \$16,000/t mark.

Precious metals and oil prices reacted to these developments. Gold broke out of its recent range, climbing to 2,740/oz, while silver edged higher to 30.6/oz. Oil prices declined, with WTI trading at 76.4/bbl and Brent at 79.3/bbl, as Trump's energy policies are expected to boost domestic production.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2681	2692	2632	2464	2688	24165	679838	-15.52	120.09
Copper	9242	9285	9155	9284.5	9266	19370	297968	-115.00	421.10
Lead	1972	1976	1942	1971	1972	6183	147349	-35.00	88.97
Nickel	16045	16135	15980	16078	16000	7194	223744	-224.93	730.29
Tin	30445	30600	30095	30233	30510	694	19069	-185.00	1372.81
Zinc	2958	2962	2906	2914	2957	10681	221739	-40.00	132.31
					Total:	68287	1589707		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2635.5	2650.5	2696.5	2686.5	2682.47	2691.5	2557.035714	2576.964286	
Copper	9067	9184	9597	9657	9163.02	9275	8954.464286	9068.035714	
Lead	1915	1951	2107.69	2165.69	1950.75	1985	1920.785714	1952	
Nickel	15850	16100	17450.8906	18210.89063	15881.52	16102	15397.14286	15620.35714	
Tin	30200	30400			30163	30390	29446.42857	29632.85714	
Zinc	2887	2930	2934.62	2854.62	2922.31	2963.5	2852.678571	2891.25	

LME Stocks (tonnes)						Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	606875	0	2600	-2600	604275	355100	249175	Comex, USc/lb	
Copper	260150	500	125	375	260525	18900	241625	MAR 25	433.95
Lead	232650	0	1425	-1425	231225	18875	212350	MAY 25	437.5
Nickel	170214	0	0	0	170214	12054	158160	Shanghai, CNY/mt	
Tin	4650	5	20	-15	4635	445	4190	01-Feb	75520
Zinc	199125	0	4000	-4000	195125	52100	143025	01-Mar	75640

Global Markets		Currencies			Precious Metals			Previous Day's Fix	
Last	% Change	Last	% Change	Last	% Change	AM	PM		
DAX	21043	0.25	GBP	1.2321	-0.0568	Gold	2740.04	1.1753	2707.5
DJI	43885	0.91	JPY	155.4700	0.0965	Silver	30.71	0.5373	3025.5
S&P500	6028	0.52	EUR	1.0419	0.0288	Gold Comex	2754.7	0.218	
SSE	3243	-0.05	CNY	7.2672	0.0812	Platinum	951.2	0.4106	
Hg Seng	20107	0.91	AUD	0.6267	-0.1275	Palladium	961.86	1.2271	
Brent	79	-0.86	CAD	1.4345	-0.2440				

Source: Bloomberg
Updated: 21/01/2025 17:30

All price data is from 21.01.2025 as of 17:30

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