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Daily Base Metals Report

Metals: The Latest Target of US Tariffs

Summary

- Renewed trade tensions following Trump's steel and aluminium tariffs have raised concerns over global trade disruptions and higher input costs for US manufacturers.
- Base metals' reaction to a 25% US tariff on aluminium and steel was muted, given the lack of clarity on the tariff specifics.
- Gold surged to record highs as investors sought safe-haven assets amid economic uncertainty, while oil prices advanced steadily.

US stocks opened higher today, tracking gains in European markets despite renewed trade tensions following President Trump's latest tariff announcement. On February 9, Trump announced plans to impose a 25% tariff on all steel and aluminium imports, with the measures taking effect on February 10. The European Commission responded swiftly, signalling its intention to introduce countermeasures to protect European industries. This move echoes the trade disputes of Trump's first term when similar tariffs imposed in 2018 led to EU retaliation and subsequent negotiations that resulted in a quota system. The new tariffs have sparked concerns over rising input costs for US manufacturers and potential disruptions to global trade. The dollar strengthened against major currencies, with the dollar index trading higher at 108.2. After a sharp increase on Friday, the 10-year US Treasury yield edged lower, settling at 4.47%.

In the base metal space, despite a 25% tariff announcement on aluminium and steel, the price reaction was muted today, given the lack of clarity on the tariff specifics. Aluminium jumped above the \$2,600/t resistance level but struggled above the previous high of \$2,661/t. We believe that markets are becoming more desensitised to tariff threats unless they fully capture their implications. Copper, on the other hand, jumped higher on the open, testing the \$9,500/t once again but struggling to break significantly above this level. At the same time, the support at \$9,400/t held firmly, keeping copper in a narrow range. The COMEX/LME spread continued to widen, with COMEX pricing in tariff threats more heavily. While we believe a correction is due, it is likely to be marginal, with solid support forming at \$9,200-9,300/t. Elsewhere, lead and zinc held their nerve at \$2,000/t and \$2,846.50/t, respectively. Nickel sold off, breaking below \$15,600/t.

Gold extended its rally, reaching another record high above \$2,909/oz as uncertainty surrounding the broader economic impact of trade restrictions drove safe-haven demand. Silver followed suit, rising to \$32.2/oz. Oil prices advanced steadily, with WTI trading at \$71.7/bbl and Brent at \$75.3/bbl.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2643	2665	2614	2658.5	2628	16938	683189	6.17	120.59
Copper	9490	9530	9372	9447.5	9440	19102	288165	-117.49	428.54
Lead	1993	2004	1976	2000.0	1990	6057	156996	-35.23	90.72
Nickel	15760	15835	15470	15522.0	15740	5911	227545	-224.25	704.07
Tin	31015	31295	30800	31145.0	31030	845	20156	-138.00	1412.73
Zinc	2843	2855	2822	2846.5	2842	6616	227376	-49.10	129.12
					Total:	55469	1603427		

Official Prices	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	
							Cash	3M
Aluminium	2640	2636	2678.23	2683.23	2632.87	2628	2624.25	2618.25
Copper	9287.5	9410	9774.5	9836.5	9287.61	9407.5	9104.166667	9226.583333
Lead	1947.5	1987	2109.58	2149.58	1958.33	1993	1944.5	1978.916667
Nickel	15400	15660	16808.94922	17563.94922	15537.8	15756	15245.83333	15466.66667
Tin	31200	31180			30966	31109	30572.5	30679.16667
Zinc	2786	2833	2888.47	2849.47	2791.95	2840	2758.25	2807.583333

LME Stocks (tonnes)	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	
								Last	% Change
Aluminium	567700	0	4500	-4500	563200	317775	245425	Comex, USc/lb	
Copper	247625	0	1800	-1800	245825	28650	217175	MAR 25	444.4 2.08
Lead	221725	500	850	-350	221375	42525	178850	MAY 25	448.3 2.06
Nickel	175710	0	0	0	175710	11604	164106	Shanghai, CNY/mt	
Tin	4180	0	70	-70	4110	340	3770	01-Feb	75970 1.02
Zinc	170450	300	2050	-1750	168700	34475	134225	01-Mar	75910 0.80

Global Markets	Currencies			Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	21912	0.57	GBP	1.2367	-0.2822	Gold	2904.21	1.5078	2866.45
DJI	44442	0.31	JPY	152.0200	-0.4013	Silver	32.04	0.7003	3227.5
S&P500	6070	0.73	EUR	1.0306	-0.2130	Gold Comex	2934.4	1.621	
SSE	3322	0.56	CNY	7.3050	-0.1410	Platinum	990.34	1.2121	
Hg Seng	21522	1.84	AUD	0.6279	0.0797	Palladium	982.84	1.1985	
Brent	76	1.77	CAD	1.4311	-0.1258				

Source: Bloomberg
Updated: 10/02/2025 17:30

All price data is from 10.02.2025 as of 17:30

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