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# Daily Base Metals Report

## Higher for Longer - For Now

### Summary

- Higher-than-expected inflation reinforced uncertainty over the Fed's rate-cut timeline.
- The widening COMEX/LME arb is helping to maintain the resilience of copper prices.
- Gold stabilised as the dollar pared gains, while silver tracked base metals higher.

US stocks opened lower today following the release of the latest Consumer Price Index (CPI) report, which showed inflation rising more than expected in January. Headline CPI increased 3.0% year-on-year, accelerating from December's 2.9% and exceeding forecasts. Core inflation, which excludes food and energy, strengthened to 3.3% from 3.2%, reinforcing the Federal Reserve's cautious stance on rate cuts. With housing and food costs remaining elevated, the report signalled persistent price pressures, adding to uncertainty over the timing of future monetary easing. Fed Chair Jerome Powell reiterated that there was no urgency to cut rates given the resilience of the economy. The Fed has remained clear that rate cuts will not materialise until inflation moves sustainably toward its 2% target. Market reaction was mixed—the dollar index initially spiked to 108.5 following the data but quickly pared its gains, falling below 108.2 at the time of writing. The inability of such a bullish inflation print to push the dollar higher suggests that 108.5 may act as a near-term resistance level, especially with no major upcoming data likely to shift sentiment further. Meanwhile, the 10-year US Treasury yield climbed to 4.65%, its highest level since mid-January, as bond markets adjusted to the stronger inflation outlook.

The base metals market opened on the back foot this morning, continuing the slight risk-off sentiment carried over from the previous day. However, momentum shifted during the second half of the day, driven largely by a boost in COMEX copper, which helped push LME prices back above the \$9,400/t level. In particular, the COMEX/LME arb continued to widen, exceeding the robust \$1000/mt benchmark, as COMEX markets continued to price in tariff concerns. As a result, LME copper settled at \$9,454.50/t. Elsewhere, softness persisted as aluminium edged closer to the \$2,600/t support level. Lead rejected prices above \$2,000/t, closing at \$1,973/t.

Gold opened lower but rebounded as the dollar retreated, trading at \$2,894/oz. Silver tracked copper higher, surpassing \$32.1/oz, reflecting its strong correlation with base metals in recent weeks. Oil prices declined steadily, with WTI at \$72.2/bbl and Brent crude at \$75.9/bbl.

|           | Open  | High  | Low   | 5pm Close | PDC    | Volume | Total O.I | Spreads | Conversion |
|-----------|-------|-------|-------|-----------|--------|--------|-----------|---------|------------|
| Aluminium | 2636  | 2638  | 2607  | 2621.0    | 2639   | 20402  | 683280    | 8.78    | 119.11     |
| Copper    | 9351  | 9480  | 9282  | 9454.5    | 9357   | 17053  | 290998    | -110.21 | 429.76     |
| Lead      | 1979  | 1994  | 1971  | 1973.0    | 1976   | 5041   | 153730    | -38.79  | 89.59      |
| Nickel    | 15490 | 15500 | 15340 | 15420.0   | 15520  | 4205   | 229351    | -223.10 | 699.90     |
| Tin       | 31130 | 31790 | 31050 | 31581.0   | 31265  | 887    | 20368     | -160.83 | 1433.37    |
| Zinc      | 2827  | 2873  | 2821  | 2862.5    | 2828   | 11200  | 226654    | -47.03  | 129.84     |
|           |       |       |       |           | Total: | 58788  | 1604381   |         |            |

#### Official Prices

|           | Cash   | 3m     | Dec Yr 1 | Dec Yr 2 | PD Cash  | PD 3M | Monthly Avg | Cash      | 3M |
|-----------|--------|--------|----------|----------|----------|-------|-------------|-----------|----|
| Aluminium | 2628.5 | 2618.5 | 2660.49  | 2675.49  | 2647.66  | 2644  | 2627.625    | 2621.0625 |    |
| Copper    | 9277.5 | 9399   | 9759.75  | 9826.75  | 9239.16  | 9358  | 9143.4375   | 9264.1875 |    |
| Lead      | 1933   | 1980   | 2082.66  | 2123.16  | 1942.26  | 1980  | 1943.75     | 1979.6875 |    |
| Nickel    | 15200  | 15420  | 16718.31 | 17473.31 | 15312.94 | 15538 | 15231.25    | 15452.5   |    |
| Tin       | 31575  | 31700  |          |          | 30963    | 31164 | 30735.625   | 30856.25  |    |
| Zinc      | 2815   | 2865   | 2904.21  | 2865.21  | 2772.02  | 2821  | 2765.9375   | 2815.3125 |    |

#### LME Stocks (tonnes)

|           | Opening | In    | Out  | Net Change | Closing | C-warrants | Open Tonnage | Other Copper Markets | Last  | % Change |
|-----------|---------|-------|------|------------|---------|------------|--------------|----------------------|-------|----------|
| Aluminium | 558700  | 11700 | 4350 | 7350       | 566050  | 309425     | 256625       | Comex, US\$/lb       |       |          |
| Copper    | 243300  | 0     | 1650 | -1650      | 241650  | 30225      | 211425       | MAR 25               | 444.4 | 2.08     |
| Lead      | 224925  | 950   | 450  | 500        | 225425  | 42125      | 183300       | MAY 25               | 448.3 | 2.06     |
| Nickel    | 176946  | 102   | 1242 | -1140      | 175806  | 10380      | 165426       | Shanghai, CNY/mt     |       |          |
| Tin       | 4060    | 0     | 0    | 0          | 4060    | 500        | 3560         | 01-Feb               | 75970 | 1.02     |
| Zinc      | 166950  | 0     | 2325 | -2325      | 164625  | 31600      | 133025       | 01-Mar               | 75910 | 0.80     |

#### Global Markets

| Global Markets |          | Currencies |          | Precious Metals |          | Previous Day's Fix |         |         |         |         |
|----------------|----------|------------|----------|-----------------|----------|--------------------|---------|---------|---------|---------|
| Last           | % Change | Last       | % Change | Last            | % Change | AM                 | PM      |         |         |         |
| DAX            | 22148    | 0.50       | GBP      | 1.2454          | 0.0643   | Gold               | 2906.22 | 0.2868  | 2906.85 | 2895.40 |
| DJI            | 44371    | -0.50      | JPY      | 154.5300        | -1.3201  | Silver             | 32.29   | 1.4993  |         | 3173    |
| S&P500         | 6045     | -0.39      | EUR      | 1.0403          | 0.4054   | Gold Comex         | 2933    | 0.014   |         |         |
| SSE            | 3346     | 0.85       | CNY      | 7.3079          | -0.0137  | Platinum           | 998.55  | 0.9513  |         |         |
| Hg Seng        | 21858    | 2.64       | AUD      | 0.6288          | -0.1112  | Palladium          | 972.74  | -0.8127 |         |         |
| Brent          | 75       | -2.06      | CAD      | 1.4287          | 0.0000   |                    |         |         |         |         |

Source: Bloomberg  
Updated: 12/02/2025 17:30

All price data is from 12.02.2025 as of 17:30

#### Risk warning

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