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# Daily Base Metals Report

## Markets Show Moderate Reaction to New US Tariffs

### Summary

- Higher-than-expected UK inflation adds pressure on the BoE, complicating its rate-cut outlook.
- Aluminium gained momentum to the crucial \$2,700/t resistance level as spreads remained backwardated.
- A stronger dollar weighed on gold and silver, while oil prices rose amid OPEC+ supply uncertainty.

US stocks opened lower today after President Trump announced plans to impose 25% tariffs on autos, semiconductors, and pharmaceuticals. The move could impact US companies with global supply chains, increasing production costs and adding uncertainty to corporate earnings. On the macroeconomic front, US housing starts fell more than expected in January to 1,366k, reversing most of December's sharp gains but remaining above levels seen in previous months. In the UK, inflation came in higher than expected, with January's headline CPI rising to 3.0% YoY, above the 2.8% forecast. This marks the highest reading since March 2024, driven by rising transport costs, food, and non-alcoholic beverages. The main downward pressure came from housing and household services. The BoE expects inflation to rise further, potentially reaching 3.7% in Q3, complicating its path toward interest rate cuts this year. The pound depreciated against the dollar, with USDGBP climbing above 0.795, contributing to a stronger dollar index, which traded above 107.3. Meanwhile, the 10-year U.S. Treasury yield remained steady, hovering above 4.5%.

Base metals showed mixed performance once again, with modest upward momentum from near-term support levels that have kept prices within their current ranges. In particular, copper remained above the \$9,400/t level but struggled to break out of the current range, with resistance of \$9,450/t capping upside potential. Lead and zinc struggled above their respective resistance levels of \$2,000/t and \$2,900/t. In contrast, aluminium, which previously tested its February high of \$2,666/t, broke above this level today and approached this year's high of \$2,700/t. However, the market rejected gains above this level later on in the day. The cash to 3-month spread weakened after breaking above \$30/t in recent days; nevertheless, it still remains in backwardation at \$18.50/t.

Precious metals softened as a stronger dollar weighed on prices. Gold traded below \$2,930/oz, while silver declined to \$32.6/oz. Oil prices rose as uncertainty lingers over whether OPEC+ will extend its current production cuts beyond April. WTI climbed to \$72.6/bbl, while Brent rose to \$76.4/bbl.

All price data is from 19.02.2025 as of 17:30

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