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DAILY BASE METALS REPORT

Markets Turn Volatile Amid Tariff Uncertainty

Summary

- Stock markets rebounded as doubts over Trump's tariffs grew, weakening the dollar.
- Germany's possible debt hike sent bund yields surging.
- Metals jumped higher due to several factors, including a weaker dollar, tightening COMEX/LME arbitrage, and possible tariff changes for Mexico and Canada.

Macro

US stocks opened slightly higher, tracking a rebound in European equities after yesterday's declines. Markets appear to be discounting the impact of Trump's tariff measures, which were largely priced in during Q4. While the 25% tariffs on Canadian and Mexican goods officially took effect on Tuesday, speculation around potential exemptions for certain imports has cast doubt on the full implementation of these trade restrictions. This scepticism is reflected in the sharp decline of the US dollar, which has plummeted over the past two days, now trading below 104.5. The euro was the strongest performer against the dollar today, with USDEUR tumbling to 0.928 following Germany's decision to relax its borrowing constraints. The country announced plans to lift its constitutional "debt brake," which has capped the structural deficit at 0.35% of GDP—one of the lowest in the EU. The move comes in response to Trump's recent pause on military aid to Ukraine, prompting Germany to ramp up defence spending. This shift triggered a historic rise in German bund yields, with the 10-year bund surging 17 basis points to 2.8%. Meanwhile, the US 10-year Treasury yield remained relatively stable, hovering above 4.2%.

Base Metals

Base metals opened on the front foot as markets responded to a range of news that injected significant uncertainty and volatility into broader markets. The continued sell-off of the dollar, combined with the expiry day and tightening conditions in the COMEX/LME arb, exerted upward pressure on copper, lifting the entire complex. In the second half of the day, momentum was further bolstered by the announcement that Trump might consider providing tariff relief for Canada and Mexico, two countries responsible for the majority of copper and aluminium imports into the U.S.

As a result, copper jumped above the \$9,500/t level, reaching \$9,585/t. Likewise, aluminium broke through the \$2,600/t resistance, closing at \$2,658.50/t. Lead broke above the \$2,005/t mark, a level that had capped prices since the start of the year. In contrast, nickel struggled to break the \$16,000/t level due to the scale of previous days' gains.

We expect that much of today's momentum was driven more by volatility than by a clear trend, suggesting that prices may find it challenging to achieve further gains tomorrow.

Precious Metals and Oil

Despite the dollar's continued decline and broader market volatility, gold edged only slightly higher, trading below \$2,930/oz at the time of writing. Silver, however, outperformed, rallying above \$32.5/oz, supported by strength in base metals. Oil prices extended their losses, with WTI falling to \$65.4/bbl and Brent declining to \$68.5/bbl. The weakness follows OPEC+'s recent announcement to increase production starting in April, marking a shift from the prolonged output cuts that had been aimed at stabilising prices.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2620	2665	2610	2658.5	2623	23906	711720	7.38	120.86
Copper	9399	9590	9361	9585.0	9387	32880	295292	-5.31	434.80
Lead	2009	2035	2007	2034.0	2013	9179	144396	-24.00	92.28
Nickel	15980	16160	15810	15901.0	15970	10790	224497	-218.40	721.22
Tin	31580	32050	31510	31706.0	31455	442	21971	-176.00	1443.57
Zinc	2820	2885	2809	2879.0	2820	12893	222322	-32.04	130.64
					Total:	90090	1620198		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2653	2642	2682.54	2688.54	2626.5	2616.5	2637	2625.166667
Copper	9541	9550	9452.44	9537.44	9328.39	9343	9432.166667	9447.166667
Lead	1995	2013	2089.59	2124.59	1990.13	2009.5	1985.666667	2006.666667
Nickel	15675	15975	17117.53	17848.53	15784.03	15983	15678.333333	15905
Tin	31825	31925			31391	31579	31670	31833.333333
Zinc	2827	2858	2907.62	2868.62	2779.48	2810.5	2810.5	2840.333333

LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	524500	0	4625	-4625	519875	303125	216750	Comex, USc/lb	
Copper	261000	400	1250	-850	260150	111850	148300	MAR 25	458 0.88
Lead	211475	0	3075	-3075	208400	26350	182050	MAY 25	461.85 0.70
Nickel	195360	0	840	-840	194520	17760	176760	Shanghai, CNY/mt	
Tin	3730	20	0	20	3750	360	3390	01-Feb	0 0.00
Zinc	161950	0	625	-625	161325	26250	135075	01-Mar	76850 -0.04

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	23081	3.38	GBP	1.2866	0.5549	Gold	2928.79	0.3736	2911.6	2905.90
DJI	42462	-0.14	JPY	148.5300	0.8483	Silver	32.58	1.869		3190.5
S&P500	5756	-0.39	EUR	1.0772	1.3740	Gold Comex	2938.8	0.623		
SSE	3342	0.53	CNY	7.2348	0.4022	Platinum	969.63	0.678		
Hg Seng	23594	2.84	AUD	0.6308	0.5740	Palladium	941.54	-0.7338		
Brent	68	-3.69	CAD	1.4393	0.0139					

Source: Bloomberg
Updated: 05/03/2025 17:30

All price data is from 05.03.2025 as of 17:30

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