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DAILY BASE METALS REPORT

# Market Volatility Rises Amid Flurry of Headlines

## Summary

- Trump's tariff delay and a record US trade deficit fuelled market uncertainty.
- ECB cut rates but signalled caution as Germany moves toward fiscal expansion.
- The current choppiness prevented markets from establishing long-term positions, intensifying volatility at the front end of the curve.
- A mix of fundamental and macroeconomic factors helped base metals break out of the prolonged ranges that had kept prices rangebound for months.
- Gold remained subdued as inflation concerns took a backseat despite tariffs.

## Macro

US stocks opened lower but rebounded in early trading after President Trump announced a one-month delay on the planned 25% tariff hike on Canadian and Mexican auto imports. Together, these two countries account for around 40% of all US vehicle imports, making the postponement a key factor in today's market sentiment. Meanwhile, trade data showed the US trade deficit widening to a record high in January as businesses front-loaded imports ahead of the anticipated tariffs. Imports surged by 10.0%—the biggest jump since July 2020—reaching \$401.2 billion, while exports rose by just 1.2% to \$269.8 billion. The sharp imbalance suggests that trade could weigh on US economic growth in Q1.

The dollar extended its recent decline, falling below 104.0, returning to levels last seen before the presidential election. In contrast, the 10-year US Treasury yield edged higher to 4.33%. In Europe, the ECB delivered a widely expected 25bps rate cut, but President Lagarde struck a notably firmer tone, suggesting a possible shift in the central bank's stance. With Germany undertaking an ambitious fiscal expansion, the ECB may hold off on further easing to evaluate its economic impact. Meanwhile, EU leaders are preparing to ramp up defence spending and reinforce their support for Ukraine, as Trump's suspension of US military aid raises concerns over Europe's long-term security strategy.

Market performance has been choppy, driven not by sudden shocks but more so by conflicting narratives around trade announcements, EU defence spending structure, geopolitics, and central bank monetary policy. As a result, recent moves somewhat defied economic logic, with prices fluctuating between overbought and oversold conditions. This makes it difficult for markets to establish long-term positions, resulting in concentrated volatility on the front end of the curve.

## Base Metals

Base metals tracked broader market volatility today, with a weaker dollar providing a boost. More notably, China's potential move to cut steel supply amid domestic oversupply added fundamental support to prices. This

suggests that while the demand outlook remains largely unchanged from last year, supply cuts may be necessary to help smelters restore healthier profit margins. Copper surpassed the \$9,600/t level, reaching \$9,734/t – a November 2024 high. Likewise, aluminium gapped higher on the open, ending the day near the \$2,700/t resistance level. Nickel showed notable strength, breaking through a strong resistance of \$16,000/t towards \$16,300/t – also a November high. Lead and zinc made gains but lacked the appetite to break significantly higher, closing at \$2,047.50/t and \$2,929/t, respectively.

## Precious Metals and Oil

Gold edged lower to \$2,910/oz, pressured by rising bond yields, while silver slipped slightly to \$32.6/oz. Oil prices stabilised after recent declines, with WTI at \$66.0/bbl and Brent at \$69.1/bbl at the time of writing.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads C-3M	Conversion USc/lb
Aluminium	2665	2701	2664	2697.0	2667	21544	704547	10.49	122.38
Copper	9568	9739	9568	9734.0	9594	27155	302095	2.50	441.30
Lead	2028	2055	2028	2047.5	2030	8054	144273	-21.50	92.94
Nickel	15910	16340	15910	16298.0	15910	8558	225158	-213.43	739.36
Tin	31940	32740	31890	32581.0	31940	755	22235	-123.00	1484.17
Zinc	2887	2931	2879	2929.0	2886	13373	222771	-35.50	132.81
					<b>Total:</b>	<b>79439</b>	<b>1621079</b>		

	Official Prices				PD		Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	Cash	PD 3M	Cash	3M
Aluminium	2709	2698	2695	2688.54	2665.88	2658.5	2655	2643.375
Copper	9654	9647	9660	9712.1	9586.92	9585	9487.625	9497.125
Lead	2021	2042	2103.87	2131.87	2014.5	2034	1994.5	2015.5
Nickel	15990	16180	17484	18194	15682.6	15901	15756.25	15973.75
Tin	32050	32105			31530	31706	31765	31901.25
Zinc	2888	2922	2907.62	2868.62	2846.96	2879	2829.875	2860.75

	LME Stocks (tonnes)						Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	519875	0	4275	-4275	515600	298850	216750	Comex, USc/lb	
Copper	260150	2700	3675	-975	259175	109500	149675	MAR 25	458 0.88
Lead	208400	500	1575	-1075	207325	25375	181950	MAY 25	461.85 0.70
Nickel	194520	5058	168	4890	199410	19806	179604	Shanghai, CNY/mt	
Tin	3750	0	50	-50	3700	340	3360	01-Feb	0 0.00
Zinc	161325	0	375	-375	160950	26425	134525	01-Mar	76850 -0.04

Global Markets		Currencies		Precious Metals		Previous Day's Fix	
Last	% Change	Last	% Change	Last	% Change	AM	PM
DAX	23419 1.47	GBP	1.2892 -0.0233	Gold	2916.71 -0.0918	2917.7	2913.25
DJI	42691 -0.73	JPY	147.9900 0.6014	Silver	32.72 0.173		3225.5
S&P500	5797 -0.79	EUR	1.0820 0.2873	Gold Comex	2924.8 -0.041		
SSE	3381 1.17	CNY	7.2420 -0.0704	Platinum	970.07 0.1414		
Hg Seng	24370 3.29	AUD	0.6351 0.2526	Palladium	946.78 0.0158		
Brent	69 -0.49	CAD	1.4274 0.4554				

Source: Bloomberg  
Updated: 06/03/2025 17:30

All price data is from 06.03.2025 as of 17:30

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