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DAILY BASE METALS REPORT

Retaliatory Tariffs Spark Stronger Market Reaction

Summary

- Market sentiment remained fragile as trade tensions escalated, with retaliatory tariffs fuelling uncertainty.
- Base metals strengthened due to a softer dollar and the reversal of tariffs back to 25% on Canadian aluminium and steel.
- Gold and silver broke out of recent ranges, while oil prices rebounded above key levels.

Macro

US stocks opened higher today after yesterday's declines, but the Dow Jones quickly erased early gains as countries announced retaliatory measures against Trump's latest tariffs on steel and aluminium, which took effect today. The European Union responded with countermeasures worth €26 billion, while Canada imposed 25% retaliatory tariffs on an additional \$29.8 billion of US goods, set to take effect on Thursday. Market sentiment remains fragile as investors fear that escalating trade tensions could deepen economic uncertainty and potentially tip the US into a recession. Notably, markets have reacted more strongly to retaliatory measures than to Trump's initial tariff announcements, reflecting growing scepticism over the credibility of his shifting trade policies. On the economic front, US inflation data came in softer than expected, with headline CPI easing from 3.0% to 2.8% YoY in February, while core inflation softened from 3.3% to 3.1%. However, given the intensifying trade war, concerns over renewed inflationary pressures persist. The dollar fluctuated throughout the session, trading slightly lower at 103.4 at the time of writing, while the 10-year US Treasury yield climbed above 4.3%, reaching 4.31%.

Base Metals

Base metals gained momentum today, driven by a combination of reversed metal tariffs, retaliatory tariffs from the EU, and weaker US inflation, which supported a risk-on appetite in the market. A softer dollar also contributed to the upward momentum. As mentioned in our previous comments, markets have become somewhat desensitised to tariff announcements from the US, and retaliatory actions are now more likely to evoke a market reaction as they seem to carry more conviction.

In the meantime, easing inflationary pressures and delays in the tariff implementation have alleviated some consumption concerns, further supporting price momentum. Copper demonstrated notable strength, rising to test the November 2024 high of \$9,782/t before retreating slightly to \$9,770/t. Lead surged above all three moving averages, reaching \$2,082/t. Nickel remained above \$16,500/t, while aluminium struggled to break

significantly higher, closing the day at its opening price of \$2,702.50/t.

Precious Metals and Oil

Gold broke out of its recent range, rising past the \$2,930/oz resistance level and approaching \$2,940/oz. Silver followed suit, surging to \$33.25/oz—its highest level since mid-February. Oil prices also gained, with Brent reclaiming the \$70/bbl mark, while WTI rose to \$67.7/bbl.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
Aluminium	2704	2726	2693	2702.5	2704	20037	712011	14.22	122.61
Copper	9672	9800	9645	9770.0	9679	21408	297453	-18.40	443.44
Lead	2051	2083	2051	2082.0	2055	8207	143967	-14.50	94.30
Nickel		16770	16450	16641.0	16480	7675	226229	-220.93	756.37
Tin	33075	33500	32870	33422.0	33160	745	22466	-38.00	1512.07
Zinc	2914	2975	2898	2923.5	2920	21590	214632	-23.48	133.18
					Total:	79662	1616758		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2737	2721	2714.21	2721.21	2719.92	2703	2686.375	2672.3125
Copper	9766	9785	9626.29	9654.29	9639.18	9662.5	9569.4375	9578.0625
Lead	2062	2077	2106.03	2131.03	2037.74	2052	2013.25	2032.4375
Nickel	16460	16710	17819.92969	18539.92969	16274.35	16493	16031.25	16257.5
Tin	33425	33450			33077	33159	32283.75	32396.875
Zinc	2936	2966	2913.49	2840.49	2883.45	2912.5	2851	2882

LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	502150	3700	4025	-325	501825	282325	219500	Comex, USc/lb	
Copper	244175	0	3850	-3850	240325	105500	134825	MAR 25	477.9 0.26
Lead	203250	0	1450	-1450	201800	20825	180975	MAY 25	480.75 0.28
Nickel	199308	846	468	378	199686	19932	179754	Shanghai, CNY/mt	
Tin	3720	65	235	-170	3550	255	3295	01-Feb	0 0.00
Zinc	161825	0	450	-450	161375	66675	94700	01-Mar	78620 0.58

Global Markets	% Change		Currencies	% Change		Precious Metals	% Change		Previous Day's Fix
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	22676	1.56	GBP	1.2975	0.1853	Gold	2938.77	0.7843	2913.45 2916.90
DJI	41434	0.00	JPY	148.2500	-0.3170	Silver	33.24	0.9149	3255
S&P500	5604	0.58	EUR	1.0909	-0.0916	Gold Comex	2947	0.894	
SSE	3372	-0.23	CNY	7.2378	-0.1050	Platinum	988.07	0.6725	
Hg Seng	23600	-0.76	AUD	0.6312	0.2223	Palladium	953.5	0.5918	
Brent	71	2.06	CAD	1.4383	0.3615				

Source: Bloomberg
Updated: 12/03/2025 17:30

All price data is from 12.03.2025 as of 17:30

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