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DAILY BASE METALS REPORT

# Fed Holds Rates Steady, Signals Slower Growth Ahead

## Summary

- The Fed maintained the interest rates, noting that the current economic conditions allow for only 50bps of cuts this year.
- The continued widening of the COMEX/LME arbitrage pushed copper prices closer to the critical \$10,000/t threshold.
- Gold remains elevated as investors digested the Fed decision.

## Macro

US stocks climbed as markets braced for the crucial Fed meeting last night, where the Fed officials decided to hold rates steady, in line with expectations. Additionally, policymakers acknowledged a slower pace of economic growth alongside rising inflation levels, indicating that the bank plans to lower rates by only 50bps this year. It has also been announced that the Fed will slow the pace of reducing its balance sheet with a lower monthly cap on Treasury maturities. The dollar weakened immediately after the decision, reversing the majority of the gains made earlier in the day, coming back to the 103.50 level. The 10-year Treasury yield weakened to 4.25% as the 2-year yield sold off below the 4.0% mark.

From the macroeconomic perspective, US factory output increased by 0.9%, marking the largest rise in a year, due in part to a boost in motor vehicle production, helping to ease some of the manufacturing concerns. However, we believe it is still too early to assess the impact of tariffs on domestic performance, as these effects usually take months to filter through to producers and even longer to reach consumers. This adds volatility to the near-term inflation trajectory. With little clarity on the fundamental burden of tariffs, upcoming economic data will play a crucial role in shaping market sentiment. As a result, we anticipate heightened market sensitivity and increased volatility in response to forthcoming economic indicators. In the meantime,

## Metals and Oil

In the base metals space, a widening COMEX/LME arb has once again led to a strengthening of copper prices, bringing them close to a psychologically robust resistance of \$10,000/t. The next robust resistance level stands at \$10,120/t – a September 2024 high. However, we believe that breaking above this level would require a fundamental catalyst, such as improving demand conditions, rather than relying solely on tariff-driven supply disruptions. Aluminium bounced back, rejecting prices below the \$2,650/t mark. The \$2,650–2,700/t range has

held steady in recent weeks, struggling to break beyond these levels. Lead rejected prices above \$2,100/t, as zinc weakened to \$2,924.50/t. Nickel remained elevated at \$16,399/t.

Oil futures remained mostly flat as gold jumped higher to \$3,047/oz. Silver, on the other hand, weakened back to \$33.50/oz.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2651	2678	2646	2671.0	2651	14277	694912	13.56	121.07	
Copper	9888	9990	9868	9987.5	9902	17054	288619	-35.67	452.53	
Lead	2090	2105	2080	2086.0	2092	7752	148226	-21.50	94.53	
Nickel		16620	16230	16399.0	16275	6867	226946	-229.31	743.67	
Tin	35245	35480	34870	34996.0	35405	392	22655	-63.00	1584.64	
Zinc	2956	2974	2915	2924.5	2960	11666	221924	-33.28	132.59	
					Total:	58008	1603282			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M		
Aluminium	2687	2677	2701	2708	2667.16	2654.5	2690.846154	2675.730769		
Copper	9914	9955	9873.410156	9923.410156	9852.83	9904.5	9654.846154	9679.346154		
Lead	2081	2103	2157.5	2167.5	2076.48	2094.5	2034.884615	2054.5		
Nickel	16350	16575	17585	18304	16014.28	16249	16126.92308	16351.92308		
Tin	35100	35160			35185	35240	33301.92308	33381.92308		
Zinc	2915.5	2947	2926.86	2844.11	2932.82	2963	2880.076923	2909.115385		
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	493250	0	4125	-4125	489125	261625	227500	Comex, USc/lb		
Copper	227700	0	2525	-2525	225175	102950	122225	MAR 25	493.35 1.31	
Lead	219975	10450	1200	9250	229225	15600	213625	MAY 25	495.9 1.29	
Nickel	200796	1674	1140	534	201330	12582	188748	Shanghai, CNY/mt		
Tin	3740	70	0	70	3810	775	3035	01-Apr	80270 0.39	
Zinc	156875	0	725	-725	156150	63900	92250	01-May	80350 0.30	
Global Markets		Currencies			Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change		AM	PM	
DAX	23288	-0.40	GBP	1.2967	-0.2615	Gold	3033.39	-0.0442	3021.7	3025.80
DJI	41755	0.42	JPY	149.9500	-0.4535	Silver	33.55	-1.3556		3408.5
S&P500	5655	0.72	EUR	1.0877	-0.6213	Gold Comex	3042.1	0.043		
SSE	3426	-0.10	CNY	7.2308	-0.0719	Platinum	997.45	-0.6415		
Hg Seng	24771	0.12	AUD	0.6327	-0.5345	Palladium	962.85	-0.5176		
Brent	71	0.79	CAD	1.4342	-0.3068					
Source:	Bloomberg									
Updated:	19/03/2025 17:30									

All price data is from 19.03.2025 as of 17:30

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