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DAILY BASE METALS REPORT

Positive US Economic Data Lifts Confidence

Summary

- Better-than-expected housing data boosted market confidence, leading to a rise in US stocks and the dollar.
- Despite the continued widening of the COMEX/LME arb, copper rejected prices above the psychological \$10,000/t threshold.
- Oil jumped higher due to expanding sanctions against Iranian crude.

Macro

US stocks climbed higher once again as positive economic data boosted investor confidence, despite yesterday's comments from Jerome Powell that downplayed growth prospects in light of recent tariff developments. We believe today's renewed confidence stems from a prior correction in US economic expectations, where markets overestimated recession risks despite only a slight dip in labour figures. This could suggest that markets could start to stabilise at current levels before seeking further catalysts for price gains. A crucial point to note is the upcoming changes to tariffs from the Trump administration. Attention will focus on early April when the exemptions for tariffs on Mexican and Canadian exports expire. We believe that further shifts in the tariff narrative will likely shake market confidence more than consistent implementation as investors struggle to price in many uncertainties and plan long-term strategies.

In the meantime, US existing home sales exceeded expectations, increasing at an annualised rate of 4.2%, while the initial jobless claims indicated a stable labour market performance. The US dollar gained momentum but struggled above the key 104 resistance level, while the 10-year US Treasury yield held its nerve at 4.23%. Elsewhere, despite the BOE keeping interest rates unchanged at 4.50% and emphasising a cautiously dovish approach, the pound weakened against the dollar, struggling to break above the psychological 1.3000 resistance level.

Base Metals

Base metals were softer today in part due to a stronger dollar. While the COMEX/LME arb continued to widen, reaching new highs, LME copper rejected prices above the \$10,000/t mark, indicating uncertainty about sustaining prices above this critical threshold. As per our comment yesterday, we believe that the markets will need a stronger fundamental push, in the form of improved demand conditions, to push prices significantly past the \$10,120/t level. This moderate risk-off sentiment trickled through to the rest of the complex. Aluminium remained within the \$2,650-2,700/t range, as zinc weakened back to \$2,918.50/t. Lead sold off, rejecting prices

above the \$2,100/t resistance level.

Precious Metals and Oil

Oil futures jumped higher after the US ramped up sanctions against Iranian crude, prompting WTI and Brent to reach \$68/bbl and \$71/bbl, respectively. Gold and silver weakened following the US housing data, edging lower to \$3,039/oz and \$33.45/oz.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2674	2691	2653	2659.0	2673	22908	695147	16.30	120.63	
Copper	9999	10047	9907	9936.5	9998	20283	292790	-51.14	450.72	
Lead	2090	2096	2049	2056.5	2089	7813	147594	-23.06	93.28	
Nickel		16415	16055	16284.0	16415	7165	225201	-223.97	738.64	
Tin	35050	35400	34680	35350.0	34850	560	22859	-79.01	1603.47	
Zinc	2929	2955	2902	2918.5	2928	13369	222902	-24.60	132.38	
					Total:	72098	1606493			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2		PD Cash	PD 3M	Cash	3M	
Aluminium	2685.5	2671	2690.35	2704.35		2684.56	2671	2690.464286	2675.392857	
Copper	9911.5	9951	9832.74	9877.74		9951.83	9987.5	9673.178571	9698.75	
Lead	2040.5	2065	2128.33	2153.33		2064.56	2086	2035.285714	2055.25	
Nickel	16010	16210	17470	18189		16169.69	16399	16118.57143	16341.78571	
Tin	35200	35250				34933	34996	33437.5	33515.35714	
Zinc	2899	2933	2916.25	2833.5		2891.22	2924.5	2881.428571	2910.821429	
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	489125	0	1600	-1600	487525	291575	195950	Comex, USc/lb		
Copper	225175	0	1900	-1900	223275	101150	122125	MAR 25	493.35 1.31	
Lead	229225	3825	625	3200	232425	14975	217450	MAY 25	495.9 1.29	
Nickel	201330	408	1302	-894	200436	12738	187698	Shanghai, CNY/mt		
Tin	3810	0	0	0	3810	825	2985	01-Apr	80270 0.39	
Zinc	156150	0	925	-925	155225	93075	62150	01-May	80350 0.30	
Global Markets				Currencies		Precious Metals		Previous Day's Fix		
Last	% Change			Last	% Change	Last	% Change	AM	PM	
DAX	22999	-1.24	GBP	1.2967	-0.2769	Gold	3044.67	-0.1024	3034	3027.55
DJI	41953	-0.03	JPY	148.7800	-0.0605	Silver	33.58	-0.6374		3392
S&P500	5663	-0.22	EUR	1.0854	-0.4494	Gold Comex	3052.7	0.378		
SSE	3409	-0.51	CNY	7.2493	-0.2745	Platinum	989.6	-0.8019		
Hg Seng	24220	-2.23	AUD	0.6303	-0.8495	Palladium	954.5	-0.6412		
Brent	72	2.12	CAD	1.4326	0.0000					
Source:	Bloomberg									
Updated:	20/03/2025 17:30									

All price data is from 20.03.2025 as of 17:30

Risk warning

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