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DAILY BASE METALS REPORT

UK's Fiscal Measures and Market Reactions Amid Tariff Uncertainty

Summary

- Chancellor Reeves announces £14bn fiscal repair package, including welfare cuts and increased defence spending.
- US consumer confidence drops, while dollar strengthens and Treasury yields remain elevated.
- Base metals mixed; copper retreats below \$10,000/t.

Macro:

US stocks declined at the opening, weighed down by a sell-off in major technology companies. Investor sentiment remains cautious amid ongoing tariff uncertainties, with markets anticipating potential policy shifts as the April 2nd deadline approaches. The dollar appreciated against major currencies, with the index holding firmly above 104.3, reflecting its safe-haven appeal amid global trade tensions. The 10-year US Treasury yield remained elevated at 4.3%, indicating persistent concerns about inflation and future interest rate trajectories.

In the UK, Chancellor of the Exchequer Rachel Reeves delivered the Spring Statement, unveiling a £14bn package aimed at addressing fiscal challenges stemming from subdued economic growth and rising borrowing costs. Key measures include £3.4bn in welfare cuts, reductions in departmental spending, and an increase in defence expenditure by £6.4bn. UK inflation figures for February showed a decline to 2.8% YoY, down from 3.0% in January, driven primarily by a 0.6% decrease in clothing prices—the first contraction since October 2021. Despite this moderation, services inflation remained steady at 5%, suggesting underlying price pressures persist. Following the Spring Statement, the Debt Management Office (DMO) announced plans to issue £299.2 of gilts in the upcoming fiscal year. The UK 10-year gilt yield initially jumped above 4.78% on the announcement but later retraced to 4.73%.

Base Metals:

Base metals experienced a mixed session. Copper retreated from recent highs, falling below the key \$10,000/t level to \$9,932.50/t amid profit-taking. Zinc also declined, slipping to \$2,953.50/t due to softened risk sentiment, while aluminium edged slightly lower to \$2,607/t, weighed down by persistent demand concerns. Conversely, nickel showed resilience, climbing to \$16,265/t on renewed buying interest. Lead remained stable at \$2,086/t, and tin saw marginal gains, trading at \$35,071/t, supported by ongoing supply constraints.

Precious Metals and Oil:

Precious metals reflected the broader market dynamics, with gold fluctuating throughout the session before settling lower at \$3,019/oz, influenced by the stronger dollar and steady Treasury yields. Silver remained mostly unchanged, holding firm around \$33.7/oz. Oil prices edged higher, with WTI approaching \$70/bbl and Brent reaching \$74/bbl.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion	
Aluminium	2612	2628	2601	2607.0	2608	25368	704263	-18.52	118.25	
Copper	10098	10165	9893	9927.0	10095	31307	303489	-43.78	450.29	
Lead	2077	2094	2066	2091.5	2082	9096	142365	-15.84	94.87	
Nickel		16330	16030	16245.0	16220	5763	229600	-232.78	736.87	
Tin	34950	35140	34625	35071.0	35015	766	23452	163.00	1590.81	
Zinc	2966	2974	2934	2956.0	2969	8927	225921	-21.45	134.08	
					Total:	81227	1629090			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M		Cash	3M	
Aluminium	2600	2617	2661.75	2693.75	2590.16	2609.5		2675.944444	2663.972222	
Copper	9884	9909	9804.96	9804.96	10091.54	10112		9727.638889	9756.138889	
Lead	2068	2071	2157.05	2177.05	2069.34	2084		2036.027778	2054.5	
Nickel	15975	16200	17394.32031	18109.32031	15930.57	16161		16068.33333	16293.61111	
Tin	34810	34825			35096.98	35053		33721.94444	33796.66667	
Zinc	2930.5	2954	2939.58	2856.83	2956.68	2972		2892.861111	2919.472222	
LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Ton-nage	Last	% Change	
Aluminium	476625	0	3525	-3525	473100	293925	179175	Comex, USc/lb		
Copper	219950	0	3200	-3200	216750	105750	111000	MAR 25	518.3 2.35	
Lead	231975	750	725	25	232000	72300	159700	MAY 25	521.05 2.32	
Nickel	200616	510	48	462	201078	12036	189042	Shanghai, CNY/mt		
Tin	3555	0	475	-475	3080	725	2355	01-Apr	82370 0.88	
Zinc	150225	0	3650	-3650	146575	90250	56325	01-May	82410 0.84	
Global Markets			Currencies		Precious Metals			Previous Day's Fix		
Last	% Change			Last	% Change	Last	% Change	AM	PM	
DAX	22839	-1.17	GBP	1.2876	-0.0931	Gold	3019.45	0.0023	3021.35	3025.20
DJI	42455	-0.31	JPY	150.3700	0.1330	Silver	33.64	0.0193		3343.5
S&P500	5712	-1.12	EUR	1.0739	-0.1395	Gold Comex	3054.2	0.062		
SSE	3369	-0.04	CNY	7.2683	-0.1362	Platinum	977.1	-0.0041		
Hg Seng	23483	0.60	AUD	0.6286	-0.2064	Palladium	965.55	-0.3365		
Brent	74	1.05	CAD	1.4296	-0.2029					
Source:	Bloomberg									
Updated:	26/03/2025 17:30									

All price data is from 26.03.2025 as of 17:30

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