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FRI 28 MARCH 2025 00:10

DAILY BASE METALS REPORT

# Tariffs Weigh on Sentiment, But Impact is Muted

## Summary

- Global trade tensions flare as Trump unveils auto tariffs.
- Base metals faced moderate selling pressure, with aluminium breaching the \$2,600/t support level for the first time since January.
- Gold rallied to record highs on rising uncertainty.

## Macro:

US stocks opened lower as markets reacted to Trump's announcement of a 25% tariff on all imported cars and light trucks, set to take effect on 2 April. The news triggered a sharp sell-off in the auto sector, with shares of American, Japanese, European, and South Korean carmakers falling—General Motors dropped by more than 8%. Market sentiment was further dampened by heightened uncertainty surrounding the scope of the tariffs, the possibility of exemptions, and how other nations might respond. Several countries across Asia, Europe, and North America have warned they may retaliate, raising fears of a broader trade war. Even as Q4 US GDP surprised to the upside at 2.4%, the dollar weakened against major currencies, with the index sliding to 104.2. Meanwhile, the 10-year US Treasury yield edged closer to 4.4%, reflecting persistent concerns over trade and inflation.

## Base Metals:

Base metals saw mixed market performance, with those under bearish pressure contracting strongly. Tariff news does not seem to have influenced market sentiment as expected, as copper continued to decline despite tightening conditions in the COMEX/LME arbitrage. This suggests that traders regard the \$10,150/t resistance level as strong. As noted in previous comments, we believe that a substantial increase in demand is needed to break above this level, and tariffs alone are insufficient. Copper remained below the \$10,000/t mark, falling to \$9,845/t. Aluminium continued to weaken and after breaching the \$2,600/t level, it faced intensified technical selling pressure, resulting in a sharp correction to \$2,557/t. Zinc also weakened, dropping to \$2,901/t. However, lead managed to hold firm, maintaining support at \$2,050/t.

## Precious Metals and Oil:

Safe-haven demand resurfaced amid tariff tensions, sending gold back to record territory, testing \$3,060/oz. Silver also rallied, reaching its highest level since October at \$34.4/oz. Oil prices fell, with WTI slipping below \$70/bbl and Brent trading at \$73.8/bbl.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2605	2620	2555	2562.5	2605	40005	708080	-13.53	116.35	
Copper	9923	9997	9808	9846.5	9907	25688	310704	-46.33	447.02	
Lead	2088	2091	2038	2041.0	2089	7757	141966	-17.00	92.67	
Nickel		16330	16110	16247.0	16195	4591	231087	-223.59	736.64	
Tin	34850	35365	34650	35270.0	34680	547	23807	140.50	1601.42	
Zinc	2955	2959	2893	2899.5	2952	11703	225299	-22.10	131.45	
Total:						90291	1640943			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M		
Aluminium	2557	2575.5	2624.48	2654.48	2588.48	2607	2669.684211	2659.315789		
Copper	9787	9847	9812.89	9813.89	9883.22	9927	9730.763158	9760.921053		
Lead	2046	2063	2157.05	2177.05	2075.66	2091.5	2036.552632	2054.947368		
Nickel	16040	16275	17399.37	18114.37	16012.22	16245	16066.84211	16292.63158		
Tin	35150	35150			35234	35071	33797.10526	33867.89474		
Zinc	2892	2920	2882.97	2800.22	2934.55	2956	2892.815789	2919.5		
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	473100	0	3525	-3525	469575	259950	209625	Comex, USc/lb		
Copper	216750	700	2175	-1475	215275	103575	111700	MAR 25	521.6 0.64	
Lead	232000	0	525	-525	231475	131825	99650	MAY 25	524.3 0.62	
Nickel	201078	720	498	222	201300	11538	189762	Shanghai, CNY/mt		
Tin	3080	50	25	25	3105	700	2405	01-Apr	81570 -0.97	
Zinc	146575	1550	3550	-2000	144575	86375	58200	01-May	81570 -1.02	
								Previous Day's Fix		
Global Markets			Currencies		Precious Metals					
Last	% Change		Last	% Change		Last	% Change	AM	PM	
DAX	22679	-0.70	GBP	1.2965	0.5975	Gold	3051.60	1.0671	3021.85	3013.25
DJI	42301	-0.36	JPY	151.0600	-0.3244	Silver	34.33	2.0575		3376
S&P500	5690	-0.38	EUR	1.0806	0.4835	Gold Comex	3094.1	1.369		
SSE	3374	0.15	CNY	7.2624	0.0812	Platinum	985.99	0.9057		
Hg Seng	23579	0.41	AUD	0.6309	0.1588	Palladium	979	1.0518		
Brent	74	-0.01	CAD	1.4304	-0.2587					
Source:	Bloomberg									
Updated:	27/03/2025 17:30									

All price data is from 27.03.2025 as of 17:30

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