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DAILY BASE METALS REPORT

Risk-Off Sentiment Builds Ahead of Reciprocal Tariffs

Summary

- Markets buckled amid de-risking strategies, driven by investor concerns over impending US reciprocal tariffs.
- Base metals continued to soften, with signs of a potential unwind in the COMEX/LME arb contributing to weakness across the complex.
- Gold extended its rally to fresh record highs, supported by persistent uncertainty.

Macro

US stocks opened sharply lower this week as markets braced for a new wave of reciprocal tariffs set to target multiple economies. On Sunday, President Trump stated that the upcoming tariffs would target all nations, intensifying uncertainty around the scope and scale of affected trade flows. This rising unpredictability, combined with mounting announcement fatigue, continues to stoke concerns about increasing recession risks in the US. As a result, broad-based de-risking swept across risk assets, prompting investors to redirect to gold for risk hedging instead. Despite elevated volatility, market reactions seem more measured in comparison to sharp swings seen earlier in the year.

Another significant event this week is the release of the nonfarm payroll figures, which are anticipated to be slightly lower in March, at around 140,000. Any deviation from this estimate could lead to substantial repricing of the Fed's monetary policy trajectory. Meanwhile, the markets are currently pricing in 76bps worth of rate cuts for the remainder of the year. The dollar opened on the back foot but struggled below the 104 mark, resulting in modest gains today. The US 10-year Treasury yield remained low at 4.22%. Elsewhere, German inflation slowed more than expected in March, nearing the ECB's target of 2.0% at 2.3% YoY, putting pressure on the central bank ahead of its next meeting, scheduled for April 17th.

Base Metals

After several weeks of growing tightness in the LME/COMEX arb, markets are starting to show signs of unwinding. Given that the copper tariff window has been shortened, there is now growing uncertainty around delivery timelines, raising the risk that some material may not reach the US in time. As a result, this is adding pressure on copper prices, resulting in a fourth consecutive day of losses, with prices slipping below \$9,800/t to \$9,710/t.

Meanwhile, aluminium prices continued to fall sharply despite tightening fundamentals in the alumina market. China's recent commitment to curb the construction of new alumina plants has yet to translate into price support. Aluminium has now dropped below \$2,550/t, with the next key technical support levels seen at \$2,500/t and \$2,485/t. Lead and zinc edged lower, as nickel breached the robust \$16,000/t support level back to \$15,918/t. Tin was the only exception, rallying back to recent highs of \$36,645/t, as one of the largest mined producers, Myanmar, continues to face challenges from a recent earthquake.

Precious Metals and Oil

Oil futures strengthened after President Trump threatened actions against buyers of Russian oil, marking a change of tone for Washington. WTI and Brent trade at \$71/bbl and \$74/bbl at the time of writing. Precious metals emerged as clear winners of recent weeks, with gold posting new highs on the back of continued uncertainty, prompting it to reach \$3,124/oz.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
Aluminium	2553	2561	2525	2533.0	2550	22398	709577	-15.27	115.01
Copper	9791	9812	9680	9710.0	9784	18130	308330	-49.50	439.99
Lead	2030	2030	2011	2012.0	2023	6878	142830	-23.00	91.31
Nickel		16405	15905	15918.0	16400	8953	233708	-219.65	722.35
Tin	36000	37105	35080	36645.0	35895	1129	23599	170.00	1669.01
Zinc	2864	2864	2826	2852.5	2852	10359	222323	-16.36	129.50
					Total:	67847	1640367		
Official Prices								Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2518.5	2541	2598.18	2634.18	2535.61	2547.5	2657.214286	2649.071429	
Copper	9673	9721	9761.25	9771.25	9749.69	9794.5	9731.071429	9762.5	
Lead	2002	2018.5	2090.09	2110.09	2001.65	2025.5	2033.714286	2051.97619	
Nickel	15715	15975	17021	17721	16158.89	16380	16054.52381	16281.42857	
Tin	35905	35850			36415	36220	34026.19048	34080.47619	
Zinc	2829	2842.5	2843.35	2760.6	2840.31	2857	2887.833333	2913.571429	
LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	466050	0	3600	-3600	462450	239775	222675	Comex, USc/lb	
Copper	212925	500	2050	-1550	211375	104475	106900	MAR 25	521.6 0.64
Lead	231200	725	0	725	231925	131550	100375	MAY 25	524.3 0.62
Nickel	200304	0	1584	-1584	198720	8976	189744	Shanghai, CNY/mt	
Tin	3050	0	0	0	3050	645	2405	01-Apr	81570 -0.97
Zinc	141400	0	3200	-3200	138200	81575	56625	01-May	81570 -1.02
Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	22163	-1.33	GBP	1.2894	-0.3555	Gold	3115.82	0.9951	3070.4 3071.60
DJI	41643	0.14	JPY	149.8700	-0.0200	Silver	33.85	-0.8176	
S&P500	5561	-0.37	EUR	1.0797	-0.2863	Gold Comex	3148.8	1.108	3439.5
SSE	3336	-0.46	CNY	7.2572	0.0689	Platinum	995.3	0.9197	
Hg Seng	23120	-1.31	AUD	0.6237	-0.7953	Palladium	984.61	0.995	
Brent	75	1.53	CAD	1.4379	-0.4590				
Source:	Bloomberg								
Updated:	31/03/2025 17:30								

All price data is from 31.03.2025 as of 17:30

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