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DAILY BASE METALS REPORT

# Markets Rattled as Tariff Tensions Escalate

## Summary

- Markets rattled as US triggered broad-based import tariffs
- Base metals declined following the tariff announcement, which included an exemption for a list of metals, such as aluminium and steel, while maintaining no tariffs on copper.
- Dollar slumped while gold rebounded slightly amid rising trade war fears

## Macro

US stocks opened lower following President Trump's announcement of new tariffs. The revised policy imposes a 10% baseline tariff on all US imports, with higher duties aimed at key trading partners: 20% on goods from the EU, 24% on Japanese imports, 25% on South Korean products, and 32% on imports from Taiwan. The move has heightened global trade tensions, prompting a broad sell-off across risk assets and raising fears of a prolonged economic slowdown. The dollar index slumped to 101.4, its lowest level since early October 2024, as concerns mounted over the economic fallout of retaliatory measures from affected nations. Meanwhile, the 10-year US Treasury yield dropped sharply to just above 4.0%, its lowest level since last autumn, as investors turned to government bonds for safety.

## Base Metals

Base metals reflected the broader market sentiment as they sold off sharply today. Following Trump's tariff announcement yesterday, a list of minerals was excluded from a package of reciprocal tariffs. As a result, aluminium imports will continue to face a 25% tariff, with additional products such as empty cans and canned beer subject to the same tariff starting April 4th. Currently, copper imports are not subject to any specific tariffs; however, there are speculations that further levies could be imposed in the future.

This led to a significant decline in COMEX copper, which had been under strong upward pressure since the beginning of the year. Consequently, LME prices corrected sharply, with copper dropping to \$9,366.50/t. Aluminium also followed this downward trend, falling below the critical support level of \$2,500/t to \$2,448/t, marking a low not seen since September 2024. Zinc decreased to \$2,713.50/t, negating the gains made earlier in the year. Even tin, which had been benefiting from supply disruptions in mining, softened today to \$37,334/t.

We expect that copper will continue to act as the main driver for the overall momentum in metals complex. As long as no tariffs are applied on copper, we are likely to see continued downward pressure. The support level at \$9,310/t is now critical; a break below this level could indicate that market concerns are shifting from supply

disruptions to demand issues.

## Precious Metals and Oil

Precious metals were caught up in the wider market volatility. Gold briefly dipped below \$3,060/oz in early trading but rebounded to trade above \$3,120/oz, supported by safe-haven flows and speculation that further gains may lie ahead amid escalating trade uncertainty. Silver dropped to test the \$32/oz support level before recovering slightly. Oil prices also fell sharply, with WTI declining to \$66.2/bbl and Brent to \$69.6/bbl, as traders reassessed global demand prospects in light of the intensifying trade conflict.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2480	2488	2445	2448.0	2490	46565	692557	-27.52	111.56
Copper	9650	9654	9353	9366.5	9721	34731	301922	-45.50	425.13
Lead	1971	1980	1946	1955.5	1975	9834	146375	-26.02	88.72
Nickel		15985	15690	15732.0	15995	9595	238703	-211.43	716.00
Tin	37505	37505	36415	37334.0	37650	820	24440	240.96	1696.45
Zinc	2767	2774	2708	2713.5	2790	20029	224932	-12.53	123.02
Total:						121574	1628929		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2436.5	2464	2529.5	2576.5	2465.55	2490.5	2471.833333	2493
Copper	9397	9442	9455.5	9515.5	9653.73	9700.5	9565	9613.5
Lead	1931	1955.5	2033.93	2080.93	1942.22	1969.5	1951.166667	1977.833333
Nickel	15650	15860	16831.60938	17530.60938	15748.15	15964	15765	15980
Tin	37195	37060			38090.51	37921	37656.66667	37395
Zinc	2724.5	2738	2726.25	2643.5	2762.37	2780.5	2771.833333	2788.333333

LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	458825	0	25	-25	458800	231125	227675	Comex, USc/lb	
Copper	211875	2125	3550	-1425	210450	94925	115525	MAY 25	503.5 0.02
Lead	230925	500	600	-100	230825	129425	101400	JUL 25	508.1 0.00
Nickel	199020	1230	0	1230	200250	10146	190104	Shanghai, CNY/mt	
Tin	3050	0	15	-15	3035	765	2270	01-Apr	79920 -0.08
Zinc	136400	225	3275	-3050	133350	77050	56300	01-May	79880 -0.03

Global Markets		Currencies		Precious Metals		Previous Day's Fix	
Last	% Change	Last	% Change	Last	% Change	AM	PM
DAX	21717	-3.01	GBP	1.3119	0.8611	Gold	3108.11
DJI	41036	-2.82	JPY	146.2600	2.0648	Silver	32.00
S&P500	5465	-3.64	EUR	1.1051	1.8244	Gold Comex	3129.3
SSE	3342	-0.24	CNY	7.2818	-0.1936	Platinum	958.49
Hg Seng	22850	-1.52	AUD	0.6357	0.9208	Palladium	936
Brent	70	-6.63	CAD	1.4049	1.3666		

Source: Bloomberg  
Updated: 03/04/2025 17:30

All price data is from 03.04.2025 as of 17:30

### Risk warning

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