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DAILY BASE METALS REPORT

Weak Jobs Print Puts Spotlight on NFPs

Summary

- US private payrolls fell, adding to labour market caution.
- Base metals jumped higher, decisively breaking through strong resistance levels to approach March highs.
- Silver firmed; gold and oil held steady.

Macro

US equity markets opened mixed on Wednesday as investors digested a surprise drop in private payrolls. According to ADP, US private sector employment fell by 33,000 in June, the first decline since March 2023, reflecting growing business caution amid ongoing trade policy uncertainty. Job losses were concentrated in professional services, education and health, and financial activities, though gains persisted in leisure and hospitality. The data added to signs of softening labour momentum, though market impact was limited. The dollar index rebounded above 97.0 for the first time in two weeks, with the euro easing slightly. US Treasury yields moved higher, with the 10-year yield retesting the 4.30% level.

Base Metals

Base metals jumped today, breaking decisively through the robust resistance levels that had capped prices for the past few months. Copper took the lead once again, driven by the approaching tariff pause deadline, which has prompted ongoing shipments to US inventories. The COMEX/LME arbitrage remains wide, expanding further to \$1,560/mt today, reflecting market concerns about the direct impact of US tariffs on copper.

Interestingly, we are beginning to see a trend where the decline in LME stocks is slowing, with stocks actually starting to rise for the first time in months. This suggests that most of the material scheduled for delivery before the deadline has already been shipped, indicating that we should see the final figures for COMEX stock accumulation in 2-3 weeks.

Copper spreads have continued to ease, with the cash to 3-month spread narrowing to \$81/t, suggesting that concerns about a supply squeeze may be subsiding. While we might see slightly higher copper prices on the LME as they align more closely with COMEX, the potential for further gains appears limited. Today, copper is testing prices above \$10,000/t, reaching \$10,013/t, with the next major resistance level at \$10,120/t. We believe that a breakout above this level would require a strong fundamental trigger, which we do not anticipate in the immediate future.

The rest of the complex followed suit. Aluminium is hovering above the key \$2,600/t resistance level at \$2,620/t, as lead surged past the \$2,050/t mark – a high not seen since March. Zinc was also seen higher, but resistance at \$2,800/t has capped significant upside momentum. Nickel held firmly above \$15,000/t at \$15,302/t.

Precious Metals & Oil

Gold was little changed, holding steady near \$3,337.5/oz. Silver firmed to \$36.40/oz, continuing to test the upper end of its recent range. Oil prices hovered in a tight band, with WTI at \$65.80/bbl and Brent near \$67.50/bbl at the time of writing.

All price data is from 02.07.2025 as of 17:30

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