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DAILY BASE METALS REPORT

US Inflation Shows Early Tariff Effects

Summary

- Equities mixed as US inflation surprises higher.
- Base metals weakened on the back of a stronger dollar.
- Gold resilient despite rising yields and dollar strength.

Macro

US stocks opened mixed on Tuesday, with the Dow Jones slightly lower while the Nasdaq advanced to fresh record highs. Investors digested stronger-than-expected US inflation figures for June, with headline CPI accelerating to 2.7% YoY, the sharpest rise in five months, up from 2.4% in May. Core inflation also edged higher, reaching 2.9%. The data suggests that recent tariff increases are beginning to feed through into consumer prices, potentially prompting the Federal Reserve to maintain its cautious stance in upcoming policy meetings. Market expectations for a rate cut have now diminished, with swaps pricing only a 50% likelihood of a 25bps reduction in October, down notably from recent levels. In response to the inflation print, the US 10-year Treasury yield surged to 4.47%, its highest in over a month. The dollar strengthened significantly against major currencies, driving the dollar index close to the 98.5 mark.

In Asia, China's Q2 GDP also came in above forecasts at 5.2% YoY, although it moderated slightly from Q1's 5.4%. The better-than-expected growth highlights the economy's underlying resilience amid ongoing US tariff pressures. Retail sales and investment numbers undershot expectations, but this was partly offset by stronger-than-anticipated industrial output figures.

Base Metals

Base metals prices continued to decline today, with the dollar strength driving the overall momentum. Copper is hovering just above the \$9,600/t support level at \$9,645.50/t, as nearby spreads dip further into contango, following the tightness seen earlier this month. With the deadline for tariff implementation on August 1st approaching, there is limited time to ship copper to US inventories without incurring the higher rate. As a result, we expect that the amount of copper leaving the LME should begin to slow as the deadline nears.

Additionally, although the 50% tariff rate has been announced, market participants remain sceptical that this will be the final figure. Many US manufacturers still hope for a lower rate of around 25%. This sentiment is reflected in the COMEX/LME arbitrage, which currently shows a 27% premium.

The rest of the complex followed suit. Lead continued to weaken, erasing June gains and falling below \$2,000/t support level to \$1,996/t. Zinc sold off, dropping below \$2,700/t to \$2,697/t. Aluminium continued to fluctuate around the \$2,600/t mark.

Precious Metals and Oil

Gold demonstrated resilience despite the dual headwinds of higher Treasury yields and a firmer dollar, holding steady at \$3,350/oz. Silver, however, drifted slightly lower, testing support around the \$38.00/oz mark. Oil prices were broadly unchanged, with WTI hovering around \$66.60/bbl and Brent stable at approximately \$69.00/bbl. Investors appeared content to await fresh fundamental drivers before positioning further.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2597	2605	2575	2580.5	2597	17263	684840	-1.48	117.05	
Copper	9634	9658	9598	9645.5	9644	15298	278725	-48.27	437.52	
Lead	2009	2009	1985	1996.0	2005	8881	142147	-31.90	90.54	
Nickel	15075	15250	14965	15146.0		7074	235388	-210.81	687.02	
Tin	33630	33630	33180	33312.0	33560	495	19499	-115.00	1511.02	
Zinc	2730	2735	2687	2697.0	2733	14099	194350	-9.95	122.34	
					Total:	63110	1554949			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M		
Aluminium	2594	2596	2617.5	2649.5	2588.6	2592	2591.863636	2592.590909		
Copper	9564	9635	9772.79	9867.79	9556.93	9619	9832.545455	9794.590909		
Lead	1967	1995	2064.64	2112.89	1970.22	2003	2011.590909	2040.909091		
Nickel	14840	15005	15984.00	16671.00	14849.18	15064	14989.54545	15175.90909		
Tin	33400	33440	33109		33425	33534	33635	33620.90909		
Zinc	2699	2706	2731.28	2703.28	2724.39	2730	2717.772727	2731.590909		
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	405550	11600	175	11425	416975	8050	408925	Comex, USc/lb		
Copper	109625	2775	1925	850	110475	12625	97850	JUL 25	556.2 0.25	
Lead	260950	14500	4375	10125	271075	47550	223525	SEP 25	560.45 0.24	
Nickel	206580	0	0	0	206580	9318	197262	Shanghai, CNY/mt		
Tin	2095	55	170	-115	1980	420	1560	01-Jul	78450 -0.29	
Zinc	113400	7775	2575	5200	118600	26625	91975	01-Aug	78290 -0.31	
Global Markets			Currencies			Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change		Last	% Change	AM	PM	
DAX	24060	-0.42	GBP	1.3384	-0.3203	Gold	3328.99	-0.4343	3363.55	3351.15
DJI	44122	-0.76	JPY	148.9300	-0.8125	Silver	37.79	-0.9054		3899.5
S&P500	6261	-0.12	EUR	1.1598	-0.5658	Gold Comex	3335.6	-0.700		
SSE	3505	-0.42	CNY	7.1829	-0.1517	Platinum	1375.77	0.5268		
Hg Seng	24590	1.60	AUD	0.6514	-0.4736	Palladium	1202.59	0.7059		
Brent	69	-0.65	CAD	1.3717	-0.0875					
Source:	Bloomberg									
Updated:	15/07/2025 17:30									

All price data is from 15.07.2025 as of 17:30

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