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DAILY BASE METALS REPORT

Mixed Inflation Data Keeps Markets Stable

Summary

- US stocks recovered as inflation concerns eased.
- Base metals continued to soften, with rising LME inventories eroding support for prices.
- Gold stabilised, while oil and silver moved lower.

Macro

US equities opened higher on Wednesday, recovering from Tuesday's decline as softer inflation data tempered concerns around a hawkish Federal Reserve. June's Producer Price Index (PPI) surprised to the downside, remaining flat on the month. Year-on-year, the index slowed to 2.3% from 2.7% in May. The figures highlight an uneven inflation picture, with tariff-related increases in goods such as communication equipment offset by weakening demand in services. A slowdown in consumer spending, particularly on travel, and a drop in foreign tourist arrivals point to growing caution among households and businesses. Despite the softer data, the dollar extended its rally for a twelfth consecutive session, pushing the dollar index to 98.9. US Treasury yields edged lower, with the 10-year slipping back below 4.4%.

In the UK, June CPI surprised to the upside, rising to 3.6% YoY, its highest reading in over a year. The increase was driven by higher costs for fuel, air travel and rail fares. The inflation print prompted a modest repricing in rate expectations, with markets now seeing slightly lower odds of a BoE rate cut in August. Sterling strengthened in response, sending the EURGBP cross lower to 0.865.

Base Metals

Base metals continued to weaken despite a pause in the dollar's recent gains, as position unwinding across the copper curve pressured the broader complex. Copper prices remained stable above \$9,600/t, but the cash-to-3-month spread stayed in a deep contango at -\$59/t, reflecting ongoing stock builds. Rising LME copper inventories suggest that material scheduled for the US is being rerouted back to the LME ahead of the impending tariff deadline. LME copper stocks continue to rise as material is rerouted back to the exchange, with the window to ship in time to meet COMEX tariff deadlines quickly closing. This suggests that speculative positioning tied to US copper tariffs is losing momentum.

Alongside a firmer dollar, this is undermining price support across base metals. Spreads for other metals have also eased, with the entire complex now in contango, indicating a broader lack of immediate market tightness. Aluminium edged lower to \$2,577.50/t, as zinc held above the \$2,700/t support, settling at \$2,711/t. Lead

continued to weaken, breaking firmly below the \$2,000/t mark to \$1,976.50/t. in prices dropped following the announcement that Wa mines in Myanmar is set to resume mining operations, falling to \$32,799/t.

Precious Metals and Oil

Gold was little changed, holding near \$3,325.50/oz following Tuesday's drop. Silver slipped further, dipping below \$37.60/oz as a strong dollar continued to weigh on sentiment. Oil prices declined, with WTI falling to \$65.70/bbl and Brent to \$67.90/bbl, amid concerns over demand and broader macro uncertainty.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2582	2586	2562	2577.5	2583	16199	669509	-2.20	116.80	
Copper	9642	9664	9588	9635.0	9658	16435	267706	-64.49	436.63	
Lead	1999	2005	1975	1976.5	2001	8598	134717	-31.02	89.68	
Nickel	15215	15260	14960	15026.0		6262	229338	-207.51	681.53	
Tin	33365	33480	32675	32799.0	33260	703	18857	-108.00	1492.79	
Zinc	2702	2715	2676	2711.0	2702	10499	187176	-8.95	122.61	
Total:						58696	1507303			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M		
Aluminium	2568	2567	2616.23	2648.98	2579.02	2580.5	2589.875	2590.458333		
Copper	9563	9615.5	9775.230469	9870.230469	9597.23	9645.5	9810.083333	9779.666667		
Lead	1953	1983.5	2037.53	2085.78	1964.1	1996	2006.708333	2036.125		
Nickel	14800	15000	15860.51	16545.51	14935.19	15146	14973.75	15161.25		
Tin	32700	32875	32601		33197	33312	33567.08333	33558.75		
Zinc	2677	2687	2744.97	2716.97	2687.05	2697	2714.375	2727.875		
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	416975	6650	100	6550	423525	7950	415575	Comex, USc/lb		
Copper	110475	11075	550	10525	121000	12325	108675	JUL 25	556.2 0.25	
Lead	271075	3275	5125	-1850	269225	42475	226750	SEP 25	560.45 0.24	
Nickel	206580	894	186	708	207288	10038	197250	Shanghai, CNY/mt		
Tin	1980	55	0	55	2035	445	1590	01-Jul	78450 -0.29	
Zinc	118600	3150	400	2750	121350	23975	97375	01-Aug	78290 -0.31	
Global Markets				Currencies		Precious Metals		Previous Day's Fix		
Last	% Change			Last	% Change	Last	% Change	AM	PM	
DAX	24009	-0.21	GBP	1.3430	0.3437	Gold	3348.03	0.7063	3359.5	3345.10
DJI	44031	0.02	JPY	148.0300	0.5742	Silver	37.82	0.3129		3826
S&P500	6240	-0.05	EUR	1.1640	0.3362	Gold Comex	3355.9	0.575		
SSE	3504	-0.03	CNY	7.1780	0.0627	Platinum	1412.65	3.2247		
Hg Seng	24518	-0.29	AUD	0.6525	0.1689	Palladium	1228.68	2.8511		
Brent	68	-0.77	CAD	1.3693	0.2264					
Source:	Bloomberg									
Updated:	16/07/2025 17:30									

All price data is from 16.07.2025 as of 17:30

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