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DAILY BASE METALS REPORT

Markets Digest Trump's Tariff and Deal Wave

Summary

- PCE surprise delays cut bets.
- Base metals declined today, led by heightened copper volatility following yesterday's US announcement of a tariff exemption on refined material.
- Gold stabilises while silver drops further.

Macro

US equity markets opened higher on Thursday, recovering from the previous session's post-Fed pullback. As expected, the Fed left its benchmark rate unchanged at 4.25%–4.50% for a fifth consecutive meeting. In the accompanying statement, Powell noted that prevailing policy remains "modestly restrictive" and that inflation risks tied to current fiscal and trade developments warrant further monitoring before any easing can be considered.

Fresh inflation data reinforced that caution. The PCE Price Index rose to 2.6% YoY in June from 2.3% in May, lifted in part by higher costs on imported consumer goods such as furniture and electronics following recent tariffs implementation. The release fuelled expectations that price pressures could reaccelerate into H2, delaying any Fed rate cut until at least October. Forward swaps are now pricing in less than a 50% chance of a 10bps cut in September. The dollar index hovered just below the 100 level, while the US 10-year yield edged down to 4.34%. In Japan, the BoJ left its policy rate steady at 0.50%, in line with market expectations.

As of July 31, President Trump has granted Mexico a 90-day extension, temporarily delaying the tariff increases originally scheduled to take effect on August 1, although elevated tariffs remain in place. Under this interim arrangement, Mexico continues to face a 25% tariff on vehicles and a 50% tariff on metals, including steel, aluminium, and copper, with negotiations ongoing to finalise a longer-term trade agreement. Several other major economies, including Canada, India, Brazil, and China, have not yet reached definitive agreements, leaving them exposed to tariff increases as Trump firmly rules out any further deadline extensions. In contrast, South Korea, Vietnam, Japan, and the EU have secured preliminary deals, though these agreements still impose higher tariffs compared to the pre Liberation Day trade landscape.

Base Metals

Base metals weakened today, driven by copper volatility, as the Trump administration announced the exclusion of refined copper from US tariffs, which is the most imported form of copper into the US. This decision led to a

significant decline in COMEX copper futures, erasing as much as 25% in two days, as the markets largely disregarded the impact of tariffs, with the premium over the LME now at \$235/mt. This is likely to contribute to further weakness in copper prices on the LME in the near term, with the \$9,500/t a key level to watch.

Today, copper prices experienced volatility, briefly jumping above \$9,800/t in overnight trading before correcting to \$9,611/t later in the day. While Trump introduced a trade deal extension for Mexico, the country is still subject to 50% on copper, aluminium and steel. Mexico and Canada are responsible for the majority of aluminium imports into the US. Today's decline in aluminium prices on the LME, despite tariffs remaining in place, suggests that copper is driving the broader weakness across the complex.

Aluminium fell below the psychological support level of \$2,600/t, targeting the next key support level of \$2,550/t, a break below which could trigger strong technical selling to \$2,450/t. The rest of the complex followed suit, with lead and zinc both testing support levels of \$1,970/t and \$2,750/t. Both metals managed above these levels, coming back to \$1,970.50/t and \$2,760/t, respectively. Nickel dipped below \$15,000/t to \$14,936/t. Tin sold off to \$32,710/t.

Precious Metals and Oil

Gold edged higher following Wednesday's decline, but gains were modest, with prices failing to reclaim the \$3,300/oz level. Silver extended its sharp pullback, retreating to \$36.50/oz. Oil prices drifted lower, with WTI at \$68.80/bbl and Brent at \$72.50/bbl at the time of writing.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2599	2609	2563	2565.0	2608	20712	683667	-2.64	116.35
Copper	9675	9816	9572	9611.0	9730	46853	271360	-43.50	435.84
Lead	1990	1996	1963	1970.5	1992	11890	146309	-36.37	89.40
Nickel	15010	15110	14885	14936.0		9954	236775	-200.20	677.67
Tin	33435	33450	32515	32710.0	33410	880	19930	-16.00	1482.58
Zinc	2779	2805	2742	2760.5	2796		12398	-2.69	125.46
					Total:	102687	1547952		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2580	2581.5	2613.86	2648.86	2597.23	2601	2604.152174	2605.065217
Copper	9606	9655	9808	9863	9651.7	9698.5	9778.217391	9787.108696
Lead	1940	1973	2063.22	2111.47	1955.63	1992	1994.869565	2023.086957
Nickel	14800	15025	15728.56	16403.56	14812.63	15021	15023.26087	15215
Tin	32800	32845	32498		33352.99	33360	33693.47826	33678.47826
Zinc	2769	2770	2793.39	2738.64	2782.81	2785.5	2758.847826	2766.891304

LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	460350	925	250	675	461025	14025	447000	Comex, USc/lb	
Copper	136850	3825	2475	1350	138200	16975	121225	'JUL 25	577.7 -0.31
Lead	276375	700	575	125	276500	72350	204150	'SEP 25	580.15 -0.31
Nickel	208092	720	120	600	208692	10278	198414	Shanghai, CNY/mt	
Tin	1945	0	0	0	1945	580	1365	01-Jul	0 0.00
Zinc	109050	125	4375	-4250	104800	47725	57075	01-Aug	79260 -0.58

Global Markets		Currencies		Precious Metals		Previous Day's Fix	
Last	% Change			Last	% Change	AM	PM
DAX	24065	-0.81	GBP	1.3222	-0.1133	Gold	3294.75 0.5975
DJI	44438	-0.05	JPY	150.5600	-0.6974	Silver	36.63 -1.3584
S&P500	6391	0.44	EUR	1.1435	0.2630	Gold Comex	3347.5 -0.158
SSE	3573	-1.18	CNY	7.2007	-0.0486	Platinum	1289.38 -1.8049
Hg Seng	24773	-1.60	AUD	0.6429	-0.0777	Palladium	1188.66 -2.3311
Brent	72	-1.13	CAD	1.3845	-0.1228		

Source: Bloomberg
Updated: 31/07/2025 17:30

All price data is from 31.07.2025 as of 17:30

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