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DAILY BASE METALS REPORT

Base Metals Cap Week on Strength

Summary

- US equities reached another high, driven by positive developments in AI.
- ISM service activity remained stagnant, which aligns with market expectations for 50bps worth of Fed cuts for the remainder of the year.
- Base metals ended the week with impressive gains, with copper continuing to attract buyer interest.
- Gold and silver prices strengthened after a brief pause yesterday.

Macro

US stocks strengthened on Friday, closing the week at another record high, bolstered by a new wave of positive developments in the AI sector that encouraged continued equity buying. However, macroeconomic data later in the day revealed further signs of US weakness, which tempered some of the risk-on sentiment in the market. In particular, the ISM report on the US service sector indicated signs of stagnation, with the index falling to 49.9. This decline was mainly driven by a contraction in business activity, which shrank for the first time since the pandemic began. Additionally, the new orders index dropped by 5.6 points to 50.4, and export orders also decreased. This figure solidified market expectations for a 50bps rate cut from the Fed, with the probability standing at 46% at the time of writing. Meanwhile, the US dollar remained subdued at 97.72, while the 10-year US Treasury yield rose to 4.10%.

Base Metals

Base metals ended the week on a high note, closing Friday with impressive gains that pushed prices to new levels. Copper, a key driver for the entire sector, continued to attract buying interest, soaring above the $10,500/t level to reach $10,7125.50t. Meanwhile, the cash-to-three-month spread tightened to -$22/t, suggesting that most buying activity is concentrated in the near-term contracts.

COMEX copper has also gained momentum, increasing the arbitrage between the two metals to $660/t. Other metals followed suit, with aluminium trading above $2,700/t as it aims to test the resistance level of $2,720/t, which is a previous high. Nickel surged to $15,433/t, while tin rallied for the third consecutive day to reach $37,455/t, close to April levels. Lead and zinc opened the week strongly but lacked the momentum to maintain their gains, resulting in moderate declines to $2,020/t and $3,014.50/t, respectively.

Precious Metals and Oil

Oil prices are poised for their biggest weekly decline since June ahead of the OPEC+ meeting, which is expected to introduce additional crude supply to the market. At the time of writing, WTI is trading at $61/bbl, while Brent is at $64.70/bbl. Meanwhile, precious metals have resumed their upward trend following a brief pause yesterday, with gold and silver prices rising to $3,880/oz and $47.90/oz, respectively.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2688	2713	2686	2709.5	2687	15806	704122	-3.81	122.90
Copper	10499	10765	10485	10715.5	10482	24516	308789	-25.16	486.05
Lead	2021	2035	2011	2020.0	2018	7652	158241	-35.30	91.63
Nickel	15335	15490	15300	15433.0	15260	5566	263442	-175.82	700.04
Tin	36900	37695	36685	37455.0	36910	789	22002	93.00	1698.95
Zinc	3025	3040	2984	3034.5	3012	13046	222702	68.14	137.64
					Total:	67375	1679298		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2703	2705	2750.02	2786.02	2686.87	2692.5	2695.5	2699.5
Copper	10537.5	10567	10665.49	10613.49	10456.42	10490.5	10418.5	10451.66667
Lead	1985	2020	2091.29	2144.54	1993.65	2024	1976.833333	2011.5
Nickel	15230	15400	16074.65	16709.65	15136.45	15317	15101.66667	15288.33333
Tin	37700	37500	37087		36993	36888	36691.66667	36616.66667
Zinc	3057	2996	2956	2841	3095.92	3020.5	3062	2994.666667

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage		Last	% Change
Aluminium	508425	3375	2000	1375	509800	94075	415725	Comex, USc/lb		
Copper	140950	200	675	-475	140475	7275	133200	'DEC 25	489.2	3.74
Lead	233750	3750	0	3750	237500	52300	185200	'MAR 26	495.4	3.82
Nickel	231504	198	24	174	231678	7338	224340	Shanghai, CNY/mt		
Tin	2650	0	35	-35	2615	455	2160	01-Oct	83220	1.27
Zinc	40350	0	550	-550	39800	9350	30450	01-Nov	83260	1.45

Global Markets			Currencies			Precious Metals			Previous Day's Fix	
Last	% Change			Last	% Change		Last	% Change	AM	PM
DAX	24379	-0.18	GBP	1.3480	0.2976	Gold	3886.54	0.7769	3877.5	3878.10
DJI	46758	0.51	JPY	147.4700	-0.1424	Silver	48.00	2.1437		4739.5
S&P500	6716	0.01	EUR	1.1742	0.2305	Gold Comex	3908.9	1.055		
SSE	3883	0.52	CNY	7.1224	0.0000	Platinum	1605.18	1.8121		
Hg Seng	27141	-0.54	AUD	0.6604	0.1213	Palladium	1264.85	1.429		
Brent	64	0.41	CAD	1.3952	0.1147					

Source: Bloomberg
Updated: 03/10/2025 17:30

All price data is from 03.10.2025 as of 17:30

Risk warning