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DAILY BASE METALS REPORT

LME Tightness Unwinds as Copper and Zinc Retreat

Summary

- US yields slipped to 4.0% while risk sentiment remained cautious.
- Metal spreads unwound today but failure to return to contango underscores lingering stress in the market.
- Gold hit new highs, silver softened.

Macro

US equities opened lower on Tuesday, extending last week's cautious tone as geopolitical uncertainty and weak sentiment kept risk appetite subdued. Markets continued to monitor diplomatic efforts aimed at easing tensions in the Middle East, though resolution of the Israel-Hamas conflict remains uncertain. The dollar eased slightly against major currencies, with the index hovering around 99.15, while Treasury yields extended their decline, with the 10-year testing support near 4.0%.

In Europe, French PM Sébastien Lecornu moved to freeze the planned pension reform that would have lifted the retirement age to 64, easing political tensions and averting a potential collapse of his minority government. The decision, aimed at securing Socialists support, signals a tactical retreat as the administration prioritises stability over structural reform ahead of the 2027 election.

In the UK, a sharp fall in employment pushed the jobless rate to 4.8%, the highest in nearly four years, prompting markets to bring forward expectations for the next BoE rate cut to March 2026.

Base Metals

Base metals weakened today as markets unwound yesterday's spread tightness, prompting a correction across the complex. The violent backwardations seen yesterday eased, releasing pressure from near-dated contracts into the forward curve. Copper cash to 3-month narrowed from above \$200/t to around \$40/t backwardation. Aluminium followed, softening from \$22/t to \$3.70/t. With neither metal fully back into contango, this suggests residual tightness is still in play.

Copper experienced another volatile session, mirroring Friday's swings, falling from \$10,800/t towards \$10,578/t. Aluminium slipped back below the \$2,750/t level to \$2,737.50/t. Zinc absorbed the sharpest impact, as cash to 3-

month collapsed \$200/t to \$115/t, dragging prices back below the critical \$3,000/t benchmark to \$2,941.50/t, levels last seen in September. Lead extended its decline for the third consecutive day to \$1,982/t. Nickel dipped below \$15,120/t.

We believe that if spreads stabilise, attention might shift back to fundamental drivers such as the dollar and inventory flows. However, the market's failure to return to contango today underscores lingering tightness, which still needs to unwind before this narrative can emerge.

Precious Metals and Oil

Gold surged to fresh record highs above \$4,130/oz, extending its impressive rally. Silver eased modestly today, trading around \$51.4/oz. Oil prices also retreated, with WTI slipping to \$58.5/bbl and Brent near \$62/bbl.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2760	2779	2715	2737.5	2757	24301	719669	10.22	124.24
Copper	10849	10864	10463	10578.0	10802	28427	323147	54.87	480.16
Lead	1994	1998	1975	1982.0	1994	9177	141763	-44.48	89.88
Nickel	15180	15210	15100	15135.0	15180	9196	262456	-208.69	686.52
Tin	35985	35985	35100	35189.0	35750	421	22422	-113.00	1593.03
Zinc	3023	3027	2912	2941.5	3012	19696	219516	87.22	133.70
					Total:	91218	1688973		

Official Prices						Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2734	2732	2772.21	2806.96	2784.25	2763	2735.75	2733.8
Copper	10600	10575	10434	10234	11047.28	10820.5	10606.5	10632.45
Lead	1940	1982	2054.43	2107.78	1943.65	1989	1970.1	2007.65
Nickel	14910	15110	15768.58	16398.58	15003.23	15206	15144	15319.5
Tin	35175	35300	34978		35620.01	35726	36441.5	36427.5
Zinc	3049	2936	2889.8	2789.8	3222.6	3021	3082.75	3006.35

LME Stocks (tonnes)							Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	506000	0	2050	-2050	503950	98250	405700	Comex, USc/lb	
Copper	139350	0	550	-550	138800	10725	128075	'DEC 25	489.2 3.74
Lead	237000	12725	3175	9550	246550	163400	83150	'MAR 26	495.4 3.82
Nickel	242094	1164	0	1164	243258	6270	236988	Shanghai, CNY/mt	
Tin	2385	25	25	0	2385	190	2195	01-Oct	83220 1.27
Zinc	37475	1300	175	1125	38600	14400	24200	01-Nov	83260 1.45

Global Markets			Currencies			Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change		Last	% Change		AM	PM
DAX	24237	-0.62	GBP	1.3312	-0.1575	Gold	4129.19	0.4603	4070.9	4095.95
DJI	46237	0.37	JPY	151.8000	0.3162	Silver	51.55	-1.5756		5124
S&P500	6646	-0.13	EUR	1.1605	0.3025	Gold Comex	4145.9	0.312		
SSE	3865	-0.62	CNY	7.1359	-0.0701	Platinum	1649.92	0.9206		
Hg Seng	25441	-1.73	AUD	0.6488	-0.4144	Palladium	1515.17	2.4768		
Brent	62	-1.74	CAD	1.4047	-0.0783					

Source: Bloomberg
Updated: 14/10/2025 17:30

All price data is from 14.10.2025 as of 17:30

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