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FRI 31 OCTOBER 2025 00:10

DAILY BASE METALS REPORT

# US-China Truce Tempers Risk Appetite

## Summary

- US - China agreed to extend their trade truce for another year, leaving risk-on sentiment subdued.
- Base metals reversed recent gains, with copper retreating below \$11,000/t.
- Gold and silver are showing signs of recovery, as speculative unwinding appears to have ended and fresh support levels are forming.

## Macro

The US and China agreed to another truce, extending the trade agreement for another year. This extension includes a reduction in the tariff rate on fentanyl while ensuring that the flow of soybeans and rare earths continues. This marks the 3rd extension of the tariff truce, meaning that the effective tariff rate on Chinese goods has increased from 3.0% to 47.0% since the beginning of Trump's second presidential term. This situation highlights ongoing tensions rather than a resolution, as fundamental differences between the two economies remain unresolved.

Markets, however, appeared unimpressed. US equities were mixed, dropping on the open following the announcement. In contrast, the dollar index jumped higher but found resistance at an October high of 99.56, causing the index to hover just below this level by the end of the day.

From a macroeconomic perspective, the Fed cut key interest rates by 25bps during yesterday's meeting. However, Chair Jerome Powell tempered market enthusiasm by indicating that another rate cut in December may not be likely. As we mentioned in our recent comment, the lack of labour market data due to the US government shutdown makes it difficult for the Fed to implement two consecutive rate cuts, as they would lack clarity on the impact on the real economy. Still, markets appear unconvinced, with forward swaps pricing in 19bps worth of cuts for the last meeting of the year. The 2-year US Treasury yield jumped higher, approaching 3.6%, to reflect this.

Elsewhere, recent data indicated that Germany's inflation continued to cool, slowing down to 2.3% YoY in October. The longer-term trend suggests that inflation is steadily approaching the key 2.0% level. This supported the ECB's decision to keep key deposit rates unchanged at 2.0%. We believe that, as long as growth prospects do not deteriorate, the central bank has effectively paused its rate-cutting cycle.

## Base Metals

The combination of a stronger dollar and record-high copper prices following yesterday's rally led markets to retrace their recent gains. Copper prices led the decline, dropping by more than 2.5% and breaking back below

the key \$11,000/t support level towards \$10,914/t. As noted in yesterday's comment, the recent upside appears to be speculative in nature, suggesting little fundamental support for prices to remain above the \$11,000/t mark sustainably. The COMEX copper, a better reflection of speculative participation in the copper market, highlights this, falling by more than 3.5% today. Still, we remain cautious that medium-term downside risks might be limited, with the support level at \$10,500/t likely to hold. This level reflects the market's fundamental repricing following the removal of Grasberg's material from global supply prospects.

The rest of the base metals complex followed suit. Aluminium defended the \$2,900/t resistance, falling back towards \$2,863.50/t. Zinc weakened towards \$3,037.50/t, maintaining the \$3,000/t support.

## Precious Metals and Oil

A recovery is taking place in the precious metals market, with gold's rally today catching up to silver. Silver jumped higher today, approaching the \$49/oz resistance level, while gold surpassed the \$4,000/oz mark once again. We believe that the recent weakness flushed out excessive speculative positioning, allowing the market to reset and build a firmer foundation for gradual, more sustainable gains. Oil futures held steady, with WTI and Brent trading at \$60.45/bbl and \$64.90/bbl at the time of writing, respectively.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2877	2880	2837	2863.5	2870	23491	758341	-4.60	129.86	
Copper	11123	11126	10815	10917.0	11090	34870	332841	-21.39	494.56	
Lead	2023	2033	2019	2022.0	2019	4706	153088	-35.12	91.74	
Nickel	15390	15390	15170	15230.0	15405	6457	265782	-204.79	690.60	
Tin	36005	36240	35730	35792.0	36105	554	20989	11.50	1622.29	
Zinc	3067	3074	3022	3037.5	3070	10390	222278	96.02	137.71	
					Total:	80468	1753319			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2		PD Cash	PD 3M	Cash	3M	
Aluminium	2826	2846	2890.5	2908.5		2886.01	2887	2781.818182	2779.522727	
Copper	10949	10980	10825.83984	10657.83984		11163.84	11183.5	10686.68182	10711.34091	
Lead	1986	2025	2105.34	2165.34		1991.38	2026.5	1966.795455	2005.431818	
Nickel	15025	15220	15823.50	16448.50		15162.01	15366	15080.90909	15266.36364	
Tin	36005	35975	35627			36194.02	36184	36034.31818	36034.31818	
Zinc	3139.5	3027	2998.51	2888.51		3215.46	3082.5	3148.181818	3005.704545	
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	462750	0	3225	-3225	459525	54850	404675	Comex, USc/lb		
Copper	135350	100	500	-400	134950	14225	120725	DEC 25	517.1 -0.01	
Lead	224875	4325	5025	-700	224175	141425	82750	MAR 26	524.25 0.00	
Nickel	251706	0	66	-66	251640	6426	245214	Shanghai, CNY/mt		
Tin	2830	0	40	-40	2790	125	2665	01-Oct	0 0.00	
Zinc	35200	150	450	-300	34900	6125	28775	01-Nov	87970 0.26	
Global Markets			Currencies		Precious Metals			Previous Day's Fix		
Last	% Change			Last	% Change	Last	% Change	AM	PM	
DAX	24119	-0.02	GBP	1.3149	-0.3411	Gold	4000.27	1.7862	4024.5	4006.70
DJI	47733	0.21	JPY	154.1000	-0.8890	Silver	48.81	2.6395		4817.5
S&P500	6865	-0.38	EUR	1.1565	-0.3103	Gold Comex	4013.3	0.315		
SSE	3987	-0.73	CNY	7.1106	-0.1702	Platinum	1609.33	0.9016		
Hg Seng	26283	-0.24	AUD	0.6551	-0.3499	Palladium	1447.93	3.173		
Brent	65	0.15	CAD	1.3990	-0.3360					
Source:	Bloomberg									
Updated:	30/10/2025 17:30									

All price data is from 30.10.2025 as of 17:30

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### **Risk warning**

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