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Daily Base Metals Report

Higher for Longer - For Now

Summary

- Higher-than-expected inflation reinforced uncertainty over the Fed's rate-cut timeline.
- The widening COMEX/LME arb is helping to maintain the resilience of copper prices.
- Gold stabilised as the dollar pared gains, while silver tracked base metals higher.

US stocks opened lower today following the release of the latest Consumer Price Index (CPI) report, which showed inflation rising more than expected in January. Headline CPI increased 3.0% year-on-year, accelerating from December's 2.9% and exceeding forecasts. Core inflation, which excludes food and energy, strengthened to 3.3% from 3.2%, reinforcing the Federal Reserve's cautious stance on rate cuts. With housing and food costs remaining elevated, the report signalled persistent price pressures, adding to uncertainty over the timing of future monetary easing. Fed Chair Jerome Powell reiterated that there was no urgency to cut rates given the resilience of the economy. The Fed has remained clear that rate cuts will not materialise until inflation moves sustainably toward its 2% target. Market reaction was mixed—the dollar index initially spiked to 108.5 following the data but quickly pared its gains, falling below 108.2 at the time of writing. The inability of such a bullish inflation print to push the dollar higher suggests that 108.5 may act as a near-term resistance level, especially with no major upcoming data likely to shift sentiment further. Meanwhile, the 10-year US Treasury yield climbed to 4.65%, its highest level since mid-January, as bond markets adjusted to the stronger inflation outlook.

The base metals market opened on the back foot this morning, continuing the slight risk-off sentiment carried over from the previous day. However, momentum shifted during the second half of the day, driven largely by a boost in COMEX copper, which helped push LME prices back above the \$9,400/t level. In particular, the COMEX/LME arb continued to widen, exceeding the robust \$1000/mt benchmark, as COMEX markets continued to price in tariff concerns. As a result, LME copper settled at \$9,454.50/t. Elsewhere, softness persisted as aluminium edged closer to the \$2,600/t support level. Lead rejected prices above \$2,000/t, closing at \$1,973/t.

Gold opened lower but rebounded as the dollar retreated, trading at \$2,894/oz. Silver tracked copper higher, surpassing \$32.1/oz, reflecting its strong correlation with base metals in recent weeks. Oil prices declined steadily, with WTI at \$72.2/bbl and Brent crude at \$75.9/bbl.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
Aluminium	2636	2638	2607	2621.0	2639	20402	683280	8.78	119.11
Copper	9351	9480	9282	9454.5	9357	17053	290998	-110.21	429.76
Lead	1979	1994	1971	1973.0	1976	5041	153730	-38.79	89.59
Nickel	15490	15500	15340	15420.0	15520	4205	229351	-223.10	699.90
Tin	31130	31790	31050	31581.0	31265	887	20368	-160.83	1433.37
Zinc	2827	2873	2821	2862.5	2828	11200	226654	-47.03	129.84
					Total:	58788	1604381		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2628.5	2618.5	2660.49	2675.49	2647.66	2644	2627.625	2621.0625	
Copper	9277.5	9399	9759.75	9826.75	9239.16	9358	9143.4375	9264.1875	
Lead	1933	1980	2082.66	2123.16	1942.26	1980	1943.75	1979.6875	
Nickel	15200	15420	16718.31	17473.31	15312.94	15538	15231.25	15452.5	
Tin	31575	31700			30963	31164	30735.625	30856.25	
Zinc	2815	2865	2904.21	2865.21	2772.02	2821	2765.9375	2815.3125	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	558700	11700	4350	7350	566050	309425	256625	Comex, US\$/lb		
Copper	243300	0	1650	-1650	241650	30225	211425	MAR 25	444.4	2.08
Lead	224925	950	450	500	225425	42125	183300	MAY 25	448.3	2.06
Nickel	176946	102	1242	-1140	175806	10380	165426	Shanghai, CNY/mt		
Tin	4060	0	0	0	4060	500	3560	01-Feb	75970	1.02
Zinc	166950	0	2325	-2325	164625	31600	133025	01-Mar	75910	0.80

Global Markets

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	22148	0.50	GBP	1.2454	0.0643	Gold	2906.22	0.2868	2906.85	2895.40
DJI	44371	-0.50	JPY	154.5300	-1.3201	Silver	32.29	1.4993		3173
S&P500	6045	-0.39	EUR	1.0403	0.4054	Gold Comex	2933	0.014		
SSE	3346	0.85	CNY	7.3079	-0.0137	Platinum	998.55	0.9513		
Hg Seng	21858	2.64	AUD	0.6288	-0.1112	Palladium	972.74	-0.8127		
Brent	75	-2.06	CAD	1.4287	0.0000					

Source: Bloomberg
Updated: 12/02/2025 17:30

All price data is from 12.02.2025 as of 17:30

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