Monthly Report – August 2025

AUGUST started with the implementation of US 50% tariff on imported copper goods following the **“robust national security assessment "** of the Trump administration. The immediate effect was predominantly a fall of the US Dollar which later moved commodities higher (although energy went the opposite way) on the back of favourable exchange rates.

As reflected by the monthly performance underneath, metals saw their rock bottom on the very first day of trading and moved their way up to reach their zenith at month end:

	HIGH	LOW
COPPER	$ 9.924 on 29TH	$9.576 on 1ST
ZINC	$2.854,5 on 12TH	$2.711,5 on 1ST
NICKEL	$15.440 on 29TH	$14.760 on 1ST
TIN	$35.390 on 29TH	$32.665 on 1ST

The quest of the greenback, on the other hand, has been quite negative this year, from almost parity with the € in early February to record highs this summer. The speculations and rumours moved the forex markets heavily from late July to beginning of August (see chart below) with roller coaster highs and lows nearby the tariff’s decision.

On the political side, very little has actually happened: *“**The summit between Russian President Vladimir Putin and President Trump on Friday 15th August ended with neither a deal nor a breakthrough** but apparently was enough to prevent President Trump from imposing further sanctions on Moscow. Even though Trump announced that progress had been made there was no commitment to either a trilateral summit or a ceasefire. On the following Monday, Ukrainian President Volodymyr Zelenskyy visited Washington, where President Trump was expected to press him to agree to concessions. **Nothing really significant came out of that meeting**”.* (Societe Generale)

Copper took a breather from a physical point of view. August is usually the month dedicated to maintenance both for smelters and producers, this would mean for Cina especially a very sluggish refined copper output in the coming month. On the other hand, supply has slowed down both for mine disruption in South America and Asia.

Inventories have risen globally by 45.000 tons, also former “Cinderella” exchange Comex saw continued inflows of over 18.000 tons despite the closure of the window of opportunity due to tariffs having come into place. Contango expanded to almost 100$ on the Cash to 3 Months differential.

Zinc was the slow mover this year with recent narrative based on sluggish demand and physical surplus. The sleeping beauty has awakened suddenly with the progressive and consistent inventories drop since May. August saw the LME stocks fall below 100.000 tons on the very first day, by end of the month they were axed by almost 50%, finishing at **56.000 tons (lowest mark in 2 years!)** while Shanghai warehouses saw an inflow of 25.000 tons. It is still unclear if the outflow in Singapore (holding 99% of warranted material) ended up in Chinese locations but there has surely been an increase in Shanghai inventories lately with a U-shaped graph since March.

*“The last significant Singapore stocks churn was in April, when almost 90,000 tons of zinc were warranted in the space of two days. But movement since then has been largely **one-way and inventory has slumped by 144,250 tons since the start of January**. Nor has there been any offsetting rise in off-warrant inventory held in LME-registered warehouses as was the case last year, when metal was moving between warehouse operators. LME off-warrant stocks total just 16,472 tons, of which 4,842 tons are stored in Singapore.*

There has been a noticeable pick-up in Singapore's zinc exports in the first half of this year, with outbound volumes of 153,000 tons already matching last year's full 12-month tally. There are no zinc smelters on the island, meaning this is LME metal on the move. Inbound shipments, meanwhile, have slowed to just 27,000 tons from 82,000 tons in the second half of 2024. Singapore's exports have flowed to a wide variety of Asian countries, suggesting LME stocks have been drawn down to fill supply-chain gaps left by smelter disruptions.” (Reuters)

Contango progressively disappeared during August and reached a 6$ backwardation at month end.

Nickel traded most of August below the 20, 50 and 100 days moving average in its recent “comfort zone” between 14.800 and 15.800$ but still able to manage a positive monthly performance.
Although this rather encouraging status, the fall below 15.000$ reflects “***the structural imbalance in the market****. LME warehouses are stacked with Class I metal (high-purity nickel, deliverable on the LME and the feedstock for sulphate), yet much of it is stranded in the wrong form or location. The real production boom has been in Class II NPI (nickel pig iron) which cannot be delivered to the LME or converted into battery feed, and is flooding a stagnant stainless market****. All of the incremental demand growth is coming from EVs which require nickel sulphate, not NPI****. This explains why prices have slipped even as sulphate remains tight: nickel is abundant on paper but scarce in the form required for the only growing segment. EV penetration has surged past 50% in China, reached about 25% in Europe and still lags below 10% in the US, making batteries the clear source of forward demand while stainless remains the largest sink at two-thirds of use. The paradox for nickel is that LME warehouses are heavy with Class I stocks yet the only real growth lies in nickel sulphate for batteries, leaving the market functionally tight even as it looks heavy on paper. EV penetration is structurally rising worldwide and the expiration of the $7500 US federal credit for EVs in October is less material globally since the US is neither a major battery market nor a growth engine compared with China, which accounts for 70% global EV growth ytd.”* (Societe Generale)