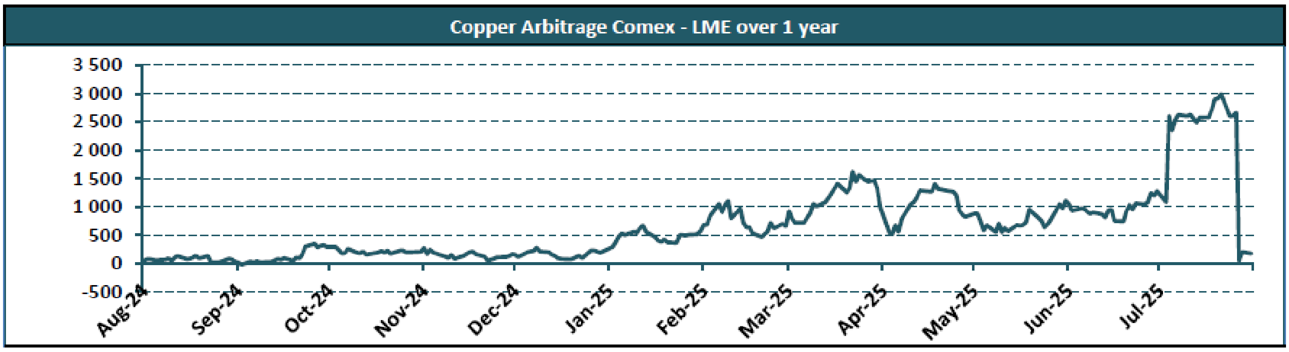
Monthly Report – July 2025

July showed another chapter of tariffs which dominated headlines on the 10th as Trump **confirmed a 50% tariff on copper from August 1st after a "robust national security assessment "**. Moreover, the US President hit Brazil with a 50% tariff, quite an increase from its previous 10% levy, with immediate response and diplomatic jeopardy with the south American country.
Details continued to unfold along the month alternating agreements and menaces to commercial partners (South Korea and India were the last ones in late July) making quite evident that the aim of redesigning a global chessboard under US dominance against China will leave no prisoners.

We have already seen the effects of such rumours and speculations on the metal, the period before the actual implementation of tariffs saw an immense rise in the copper arbitrage between Comex and the London Metal Exchange:



The differential grew exponentially to prevent the enactment of Trumps decision and so did shipments towards the US from global warehouses. **Once that became effective, arbitrage collapsed in just one day**.
As the month moved forward, more political decisions were taken on the 30th of July in this tariff minefield:

"A U.S. decision last week to exempt refined copper metal from import duties is in contrast to an earlier move to levy steep duties on aluminium, *and highlights the central importance of electricity costs and the lobbying dynamics shaping U.S. policy. The United States* ***stunned the copper market with its decision to only tax imports of semi-finished products such as wire, tube and sheet****. Copper prices on Comex are down more than 20% since the announcement on Wednesday. Since June, aluminium metal shipped to the U.S., where smelters face higher electricity bills than copper producers, has attracted 50% tariffs.*
Taxes on metal production are part of a broader U.S. effort to revive domestic smelting capacity and cut reliance on imports. ***"A global trade war could result in slower economic growth," Freeport said in a submission to a U.S. government request for comment on its investigation into copper import tariffs.***
"Slower growth in the U.S. or globally would negatively impact copper prices, which could threaten the viability of the domestic copper industry due to its elevated cost structure."
The case for tariffs on U.S. aluminium imports includes the energy proportion of smelting costs in the United States. Macquarie's ballpark estimate for energy costs for producing primary aluminium and copper is 50% and 30% respectively. "There is no economic case for building any greenfield aluminium smelting capacity without substantial intervention. Even then, intervention may not be sufficient," said Macquarie analyst Marcus Garvey. Analysts say one major difficulty for potential investors in U.S. aluminium smelting capacity is getting long-term power purchase agreements at competitive prices, when power costs are higher in the U.S. compared with other producing countries such as United Arab Emirates, Bahrain and the world's biggest producer China. ***The cost of electricity is the main reason why there are only four active U.S. aluminium smelters down from 23 in 1995. According to U.S. Geological Survey, the United States produced 3.35 million metric tons of primary aluminium in 1995, 1.6 million tons in 2015 and 670,000 tons last year."*** (Reuters)

These short-term moves might have boosted the price forecast for the red metal for 2025, as per Reuters' quarterly polls here below, but the longer-term view is rather gloom and does not show many bulls out there for the coming year:

	2025 MEDIAN $ PRICES			2026 MEDIAN $ PRICES		
	NEW	Apr	**Diff**	NEW	Apr	**Diff**
ALUMINIUM	2.543,80	2.510,00	**1,35%**	2.600,00	2.600,00	**0,00%**
COPPER	9.525,00	9.241,50	**3,07%**	9.796,00	9.800,00	**-0,04%**
LEAD	1.980,00	1.980,00	**0,00%**	2.050,00	2.088,50	**-1,84%**
NICKEL	15.432,30	15.734,00	**-1,92%**	16.050,00	16.667,50	**-3,70%**
TIN	32.255,00	31.250,00	**3,22%**	33.128,70	32.750,00	**1,16%**
ZINC	2.742,00	2.721,00	**0,77%**	2.777,70	2.770,40	**0,26%**

As for the July performance, here is how our four beloved metals did:

	HIGH	LOW
COPPER	$ 10.020,5 on 2ND	$9.553,5 on 9TH
ZINC	$2.880 on 24TH	$2.675,5 on 8TH
NICKEL	$15.640 on 24TH	$14.910 on 17TH
TIN	$35.100 on 24TH	$32.515 on 31ST

Copper epitomized the ongoing trade war of the Trump administration. July was a turning point for the red metal on Comex, all the previous months' rumours and speculations came to an end with the decision of cathode exemption to the announced tariffs.
Looking at the chart below, you can see the trading price above and the percentage change at the bottom since beginning of the year. Such sudden moves are market adverse; shocks are good just for scalpers and speculators.

What has not changed across the July and August is the inflow of material in US locations:
*"**Copper stockpiles at US exchanges have risen for 100 consecutive days** as traders rush to move the metal into the US amid President Donald Trump's tariffs. Inventories at Comex warehouses reached 265,196 tons as of Monday* (1st of August NDR)***, the longest rising streak since the exchange began collecting the figures in 1992**, according to data compiled by Bloomberg. Tariff expectations since the beginning of the year have driven copper prices on Comex sharply above global benchmark prices in London, creating an opportunity for merchants to ship the metal to the US to capture big profits. Even though Trump's tariffs excluded copper cathode, the most-traded form of the metal, and consequently ended the hugely profitable arbitrage trade, materials en route to beat the Aug. 1 deadline are still flowing into the US." (*Bloomberg)

All in all, global copper stocks are the same as end of 2024 / beginning of 2025, just short of 445.000 tons with a shift from Shanghai and London Metal Exchange locations towards Comex of course but a newcomer has just joined the carousel. **The Hong Kong LME warehouse was registered** in mid-May and saw an instant inflow of 6.000 tons in a single day, guess where all that metal was sitting before…

Zinc was stalling between 2.700 and 2.800$ in the first fortnight of July but on the 18th the price broke on the upside above the 20-, 50- and 100-days moving average.

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"Mid-July LME positioning data reported that ***speculators increased their bullish positions to the highest level in 15 weeks****. Zinc, like most base metals, was broadly higher in the latter half of the month driven by renewed demand optimism thanks to signs of Chinese economic resilience. With news on the Tibetan Dam Construction dragging up iron ore and steel, zinc moved up in sympathy. Data out of the ILZSG reported the* ***global zinc market in 88Kt surplus in Jan-May, lower than the 214kt one year prior.*** *Ongoing tariff and trade tensions weighed on the market, with an expectation that zinc demand growth would be near 1% in 2025, similar to 2024, according to a Bloomberg study in late July, but much lower that the medium-term pace of 1.5-2.0%. Sticky inflation, weak consumer sentiment and delayed investment decisions were to remain headwinds offset by China's stimulus. Global zinc inventories rose 12kt over the course of the month, bringing the SHFE and LME total to 175kt. However, LME stocks drop marginally (3kt), but SHFE grew almost 16kt."* (Societe Generale)

Nickel has been spared so far by the tariff turmoil, registering a healthy contango and consistent inflows of material. LME inventories have risen 30% since end of 2024 while Shanghai is 10.000 tons lower, globally stocks are around 230.000 tons. The International Nickel Study Group forecasted a 130.000 tons surplus for 2025 and some producers (mainly Indonesia but also Norilsk Nickel) are cutting production to revive prices.

*"****Eramet had canceled plans for a new plant in Indonesia in partnership with BASF SE last year****, and "as of today, there is nothing concrete to be disclosed on this topic" Eramet expects its Eramine Sudamérica plant in Argentina to reach full capacity of 24,000 tons of battery-grade lithium carbonate per year "within the first part of next year" Castellari said Eramet is "examining options" after the Gabonese government decided in May to ban the export of manganese ore from 2029."* (Bloomberg)

"However, a report from the FT revealed that ***since the end of 2024, China had purchased up to 100kt of "class-one" nickel, doubling its strategic reserves****. The perception that Beijing was actively buying on the dips created psychological support, but because this was a state-directed strategic accumulation – rather than being driven by stainless steel or EV battery consumption growth – the support was speculative rather than structural."* (Societe Generale)