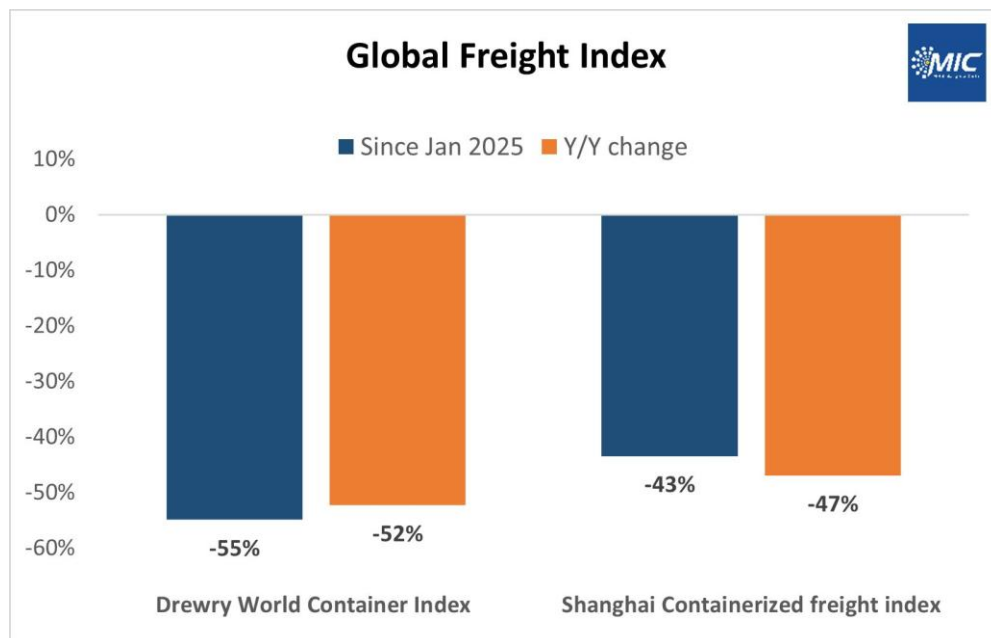


September saw an increase in the metal sector, both for industrial and precious. Indeed, these were the only macro groups to see positive numbers although the dollar weakness affected all greenback dominated commodities.

*“The **base metal index closed Q3 up 3.5%**, marking a notable shift in the outlook for the suite after prices were almost flat in Q2 (0.8%) on increased global trade uncertainty. The robust performance over the last several months has centered around weakness in the US dollar, which has been hovering around its lowest level since the start of 2022, following market participants pricing in three rate cuts in 2025. This in turn, combined with our expectations for ~100bps of rate cuts in the US in 2026, **has warmed the macroeconomic landscape for industrial metals**, with building expectations for cyclical demand recovery. In addition, as we enter Q4, activity in China should benefit from seasonal demand given ‘Golden September and Silver October’, the country’s peak construction season, supporting consumption for nickel, copper, aluminium and zinc. In a similar vein, it’s important to note that **2026 will mark the start of China’s 15th Five Year Plan**, with market focus on December’s Central Economic Work Conference, which often acts as a precursor to the Two Sessions meeting in March. Here, we expect China to outline additional policy and stimulus measures to support domestic growth, benefiting the outlook for infrastructure spending on key metal intensive areas such as NEV, the national grid, renewable energy and digital applications.” (STONEX)*

In the meantime, press reports that Chinese goods flooded Southeast Asia as the US tariff blockade had Beijing to divert the massive inventory to other markets. On the other hand, Washington continues to impose and change tariff duties onto new and old countries while American businesses are starting to deal with supply chain problems for finished goods and components.

Another sign of the destabilizing effect of tariff wars is this recent graph by Metal Intelligence Centre:



Monthly Report – September 2025



“The global container freight market has experienced a notable decline in spot rates in 2025.

*Drewry World Container Index (WCI), which measures the average cost of a 40-foot container across eight key global routes, **fell 55% year-to-date**. The index dropped for 15 consecutive weeks and is down 52% year-on-year. Freight rates of the China-US sector are the major contributors.*

***The Shanghai Composite Freight Index**, which tracks short-term bookings for exports from Shanghai, portrays the same picture.*

***The index recorded declines of 47% year-on-year and 43% year-to-date**, reflecting the softness in the Asian spot export market.”*

Here is how base metals performed in September:

	HIGH	LOW
COPPER	\$ 10.485 on 25 TH	\$9.844 on 2 ND
ZINC	\$3.003,5 on 16 TH	\$2.811,5 on 1 ST
NICKEL	\$15.535 on 15 TH	\$15.055 on 10 TH
TIN	\$35.510 on 29 TH	\$33.711 on 18 TH

Copper had a good momentum in the first fortnight topping the yearly high reached in March, then slowing down but still above the 20-, 50- and 100-days moving average. The story was quite the opposite of positive with a “BEAR EXODUS” as Andy Home commented in a Reuters’s article in early September:

*“**Fund positioning, long and short, on the CME copper futures contract sank to just 51,685 contracts on August 18, which was the lowest level of participation since 2013.***

*The mass departure of investors resulted in average daily volumes slumping by 42% to 53,776 contracts, the lowest activity rate since December 2021. Trading in the CME's main copper options contract fell even more, by 56% year-on-year. **Particularly noticeable has been the exodus of short-position holders among the investment community.** Outright short positions have collapsed from a February high of 72,858 contracts to just 11,792, the lightest bear positioning since 2011. The first half of the year was a scary time to be short CME copper as the U.S. price soared to a record premium over the LME international price.*

It wasn't easy being a bull either, given the extreme volatility in the U.S. premium trade.

Fund long positions are also much reduced relative to the first months of 2025. They hit a three-year low of 35,447 contracts last month but have since picked up to 46,443 contracts.”

The tables turned on the 24th when **Freeport-McMoran declared force majeure at its Grasberg mine in Indonesia** which is one of the largest reserves of gold and copper in the world.

Production for the next year could be 35% lower than estimated and operations will likely restart in the first half of 2026. **Copper and gold went bananas**; the red metal reached its multi-month peak just south of **10.500\$** and gold almost **3.900\$ per ounce**.

Despite the current ongoing copper inventories being positive (September added another 40.000 tons globally) with LME, Comex and Shanghai registering an increase of more than 20% from beginning of the year, the recent news shrunk spreads heavily. **Contango halved** in a matter of 24 hours and overall moved to a healthy 86\$ to 42\$ Cash to 3 Months along the month.

Zinc registered a robust quarter and even reached its **yearly zenith above 3.000\$** in mid-month topping March's highs. although its positive spree, the metal still is in lukewarm performance with just a 1% increase since beginning of the year. *"Zinc price softness has largely been driven weak demand dynamics with the outlook for zinc's largest end-use in galvanizing steel (e.g. construction), under pressure from an ailing property market in China and downgrades to global growth due to tariff implementation, limiting advanced economy demand. In addition, robust mine supply has negatively impacted investor sentiment for zinc, easing a significantly tight supply profile over the 2022-2024 period... However, as it stands, **current price strength is being underpinned by multi-year low LME warehouse stocks, supporting a widening backwardation structure, with material being taken out of Asian warehouses into Europe and the US. This in turn is causing a divergence in global pricing for zinc, with zinc on the LME at a premium to that of the SHFE, muddying a clear market trend.**"* (STONEX)

Indeed, the stocks dynamics have changed this summer with **Shanghai and LME inventories taking different paths**. The former more than doubled ending September just south of 100.000 tons while the latter was on its multi-year low at 40.000 tons; if the Chinese stock increase follows logically the above narrative, the LME seems out of tune. The outlook for the metal is the same but cancelled warrants are increasing; in theory the available material for delivery is almost irrelevant for worldwide consumption. Yes, there is a shift from one exchange to the other but surely a lot has to do with two players on the LME with a dominant position on warrants. Backwardation has dominated throughout September with a constant rise towards an 11 month high at 56\$ differential from Cash to 3 Months.

Nickel ended last amongst fellow base metals during September and continuing its long-lasting route trading in a 1.000 range without any big surprises. So it does not come as a shock that the most exciting event price wise happened around mid-month with the 3rd Monday deadline when Nickel reached its **peak above 15.500 \$**.

*"Notably, the US Federal Reserve's decision to **reduce interest rates on 17 September** – an action that would typically support equity markets rather than commodity prices – **had little effect on nickel**. This rate cut had largely been anticipated and factored in during the preceding week, meaning prices would have responded differently only if rates had remained unchanged. As a result, nickel market participants struggled to find new signals for direction, continuing a pattern of low visibility that has persisted over the last five months. Price fluctuations this month were minimal, with just a narrow \$390/t difference between the highs and lows, suggesting that supply and demand fundamentals played a negligible role. Instead, prices were influenced initially by political developments and subsequently by trade-related announcements, with Indonesia prominently in the spotlight. Street protests in Indonesia, which started in late August, drew significant global attention. Although the protests have not completely ceased, they eased after the government made some concessions, which reduced worries among price setters. However, as with previous landrelated government actions during the summer, the actual impact on nickel supply was negligible, causing prices to retreat."* (Societe Generale)

With little positive outlook LME, inventories rose both in Shanghai warehouses (3.000 tons) but more heavily on the **LME with an over 21.000 tons inflow equalling 10% month on month** (mostly in locations the Far East) to a new record high of 230.000 tons last seen in July 2021.

Tin "holds the position as the second best performing base metal over the quarter, and leading base metal for the year (+21.8%). Gains have been underpinned by ongoing supply tightness with Chinese refined output remaining in the red on the back of limited exports from its largest importer Myanmar, while global visible exchange stocks remain depleted. Looking ahead, with mine production in key producing regions (Indonesia, Myanmar and the DRC) still in recovery mode, in addition to tin's small market size, we see tin prices as vulnerable to the upside. However, having said this, with LME speculative positioning hovering near record long highs, the question of just how much higher prices can go, must be asked." (STONEX)