

# Commodity Morning View

July 10, 2025

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# Trump holds aggressive stands on tariffs

## Key Points

- Trump issues fresh tariffs
- Trump raises tariffs to 50% on Brazil
- FOMC signals two rate cuts
- US w/w crude oil inventories rise
- LME Copper stocks jumps

### Events to Watch

Data	Country	Event	Time	Previous	Forecast
10-Jul	US	EIA Natural Gas Storage Change	20:00	55	--

## Macro

- The DJIA, the S&P500, and the Nasdaq Composite Index rose 0.5%, 0.6%, and 0.9% respectively. The Eurostoxx 50 jumped 1.4%. The Dollar Index was unchanged at 97.56 and EUR-USD was also stable at 1.1720. The US 2Y yield fell 5bp to 3.84% and the 10Y yield fell 7bp to 4.33%. The 20Y and 30Y yields both fell 6bp to 4.86% and 4.87% respectively. The German 10Y yield dipped 1bp to 2.67% and the UK 10Y yield fell 2bp to 4.61%. Brent crude oil prices edged up 0.1% to USD70.19 and gold rose 0.4% to USD3,314.
- US President Trump set new tariffs on seven countries, including 20% for the Philippines, 25% for Brunei and Moldova, and 30% for Algeria, Iraq, Libya, and Sri Lanka. Among the more important trading partners, the US is going to impose 50% tariff in Brazil. This is a sharp jump from the 10% set in April. US is expected to begin levying a 50% tariff on copper imports from Aug. 1, confirming a move that will hurt American producers of everything from automobiles to appliances.
- FOMC Minutes: Most Fed officials see a rate cut as likely this year, citing temporary inflation pressures and potential economic softening. Some support an early cut, while others prefer no change in 2025. The Fed funds futures are pricing in no change in July, a total of 19bp cut by September, 35bp by October, and 53bp by year-end. Sentimentally negative for USD.
- Economic data watch – US Initial Jobless Claims, US Fed Speech.

## Base metals

- The US plan to impose a 50% tariff on copper has driven US copper premiums to record highs, but premiums are expected to pull back as inventories built up by traders in response to the tariff are gradually released. Copper eased to \$5.50/lb after hitting a record \$5.70, still up 10% on the week. Overall, copper prices continued to pull back, and suppliers refused to budge on prices, but downstream buyers' enthusiasm for restocking was generally low, with overall trading volume falling short of yesterdays. Once the tariff noise related to the US subsidies, we expect US copper prices to fall and converge with LME prices. According to report the total US copper imports in the first half of the year were 881,000 mt, while actual demand was approximately 441,000 mt. "This means there is a surplus inventory of 440,000 mt.

- The US consumed about 1.6 million tons of refined copper in 2024. While the US has significant mines, producing some 850,000 tons of primary copper last year, it still relies on imports from key trade allies to fill the need. Chile is the largest import source, accounting for 38% of total import volumes, followed by Canada at 28% and Mexico, with 8% share. Net copper imports account for 36% of demand, the 50% tariffs would increase the cost index in US and will slowdown the over economy.
- China's producer deflation deepened to its worst level in almost two years in June as the economy grappled with uncertainty over a global trade war and subdued demand at home, piling pressure on policymakers to roll out more support measures. The producer price index fell 3.6% in June from a year earlier, worse than a 3.3% decline in May and the largest drop since July 2023, while consumer price index edged up 0.1% last month from a year earlier, reversing a 0.1% drop in May.

#### Base Metals Monitor

Exchange	Commodity	Expiry	9-Jul-25	Daily Change	Daily % Change	8-Jul-25
LMEX	LMEX	-	4157	-36	-0.86%	4193
LME	Aluminium (\$)	-	2596	10	0.39%	2586
LME	Copper (\$)	-	9630	-160	-1.63%	9790
LME	Lead (\$)	-	2056	0	0.00%	2056
LME	Nickel (\$)	-	2724	0	0.00%	2724
LME	Zinc (\$)	-	2742	22	0.81%	2720
MCX	Aluminium	Jul	248	0	0.00%	248
MCX	Copper	Jul	891	0	0.00%	891
MCX	Lead	Jul	178	0	0.00%	178
MCX	Nickel	Jul	255.1	0	0.00%	255.1
MCX	Zinc	Jul	255	0	0.00%	255

#### LME Inventories

Exchange	Commodity	30-Jun-24	30-06-2024 (T.C.W)	Daily Stock change	Daily Canceled warrants	Daily % change stock	Daily % Change C.warrants
LME	Aluminium	345750	10625	550	-1425	0.16%	-0.41%
LME	Copper	90625	32925	-650	-700	-0.71%	-0.77%
LME	Lead	271925	69500	-1500	-1175	-0.55%	-0.43%
LME	Nickel	35840	-53640	-3375	-918	-8.61%	-2.34%
LME	Zinc	117475	27150	-1750	-750	-1.47%	-0.63%

#### SHFE Inventories (tons)

Exchange	Commodity	27-Jun-25	Weekly Stock Change	Weekly % Change Stock	YTD
SHFE	Aluminium	94290	-10194	-9.76%	-53.13%
SHFE	Copper	81550	-19264	-19.11%	9.95%
SHFE	Lead	52060	769	1.50%	0.46%
SHFE	Nickel	41331	525	1.29%	8.08%
SHFE	Zinc	43502	638	1.49%	43.87%

**Outlook:** The uncertainty surrounding tariffs is the main reason for the decline in demand, as it stifles economic growth. The latest data shows that the US manufacturing sector, a driver of copper demand, is in a state of contraction. The renewed tariff threat will keep market volatile specially copper with price difference between Comex and LME will see arbitrage opportunities among traders, the short squeeze situation could keep copper prices higher despite of weak demand.

## Bullions

### Bullion Daily Change

Exchange	Commodity	Expiry	9-Jul-25	Daily Change	Daily % Change
Comex	Gold (\$)	Spot	3313	12	0.36%
Comex	Silver (\$)	Spot	36.38	-0.38	-1.03%
MCX	Gold	Aug	96439	-11	-0.01%
MCX	Silver	Sep	107432	-577	-0.53%
Ratio	Goldsilver ratio	-	91.07	1.27	1.41%
Rupee	USDINR	-	85.550	0.00	0.00%
Dxy	Dollar Index	-	97.55	0.04	0.04%
Bond	US-10 T.Yield	-	4.33	-0.06	-1.37%

- Gold rose to \$3,321 rebounding from a one-week low. The prospect for gold remains strong amid expectations of 2 rate cuts from FOMC and the trade related uncertainty will keep the investment appeal on higher side.

### Outlook:

The renewed tariff threat drives gold prices higher in Asia and expect safe haven demand to shine in coming days due to economic uncertainty.

Comex Gold support: \$3285/3255 Resistance: \$3350/3365

Silver: Support is at \$ \$35.50 (Rs 104300) / Resistance is \$37 (Rs 110000)..

## Energy

### Energy Price Monitor

Exchange	Commodity	Expiry	9-Jul-25	Change	Daily % Change	8-Jul-25
Nymex	Crude (\$)	Aug	68.38	0.05	0.07%	68.33
Nymex	Natural gas (\$)	May	3.21	-0.23	-6.69%	3.44
MCX	Crude	July	5884	51.00	0.87%	5833
MCX	Natural gas	July	273.4	-13.60	-4.74%	287

- Oil prices were flat, with WTI crude up \$68.38 despite a bearish EIA report showing a surprise 7.1M barrel inventory build vs. a forecasted 2.1M draw.

### EIA Inventories

Unit	Commodity	9-Jul-25	2-Jul-25	Weekly Change	Weekly % Change
Million barrel	Crude reserves(MB)	426.01	418.95	7.06	1.69%
Million barrel	Cushing stocks (MB)	21.19	20.731	0.459	2.21%
Million barrel	Gasoline (MB)	229.46	232.12	-2.66	-1.15%
Million barrel	Distilate (MB)	102.79	103.6	-0.81	-0.78%
Million barrel	US Daily output (MB/d)	13.43	13.43	0	0.00%
Million barrel	Implied oil demand (MB/D)	19.80	19.80	0	0.00%
Percent	Capacity utilisation (%)	94.7	94.9	-0.2	-0.21%
Billion cubic feet	Natural gas(Bcf)	2325	2325	0	0.00%

**Outlook:** The long-term fundamentals for crude oil are just getting darker with market balance running into deep surplus, while short term supply could remain volatile due to counter news, but trend remain weak for oil prices.

Crude oil Support: \$65, Resistance \$69

### Daily Price Monitor

Exchange	Commodity	Expiry	Daily trading range	Trend
MCX	Aluminium	July	244-252	Sell on rise
MCX	Copper	July	865-900	Sell on rise
MCX	Lead	July	175-180	Sell on rise
MCX	Nickel	July	2200-3	Buy on dip
MCX	Zinc	July	248-258	Sell on rise
MCX	Gold	Aug	94800-98000	Buy on dip
MCX	Silver	July	106500-109500	Sell on rise
MCX	Crude	July	5750-5950	Sell on rise
MCX	Natural gas	July	265-295	Sell on rise
Comex	Gold	Spot	\$3285-\$3335	Sell on rise
Comex	Silver	Spot	\$35-\$37	Sell on rise
Nymex	Crude oil	Aug	\$65-\$69	Sell on rise

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