

# Trump's move to probe copper imports triggers rally in red metal

**BULLISH TREND.** Comex copper at a near record level, rules at a premium over LME on tariff fears

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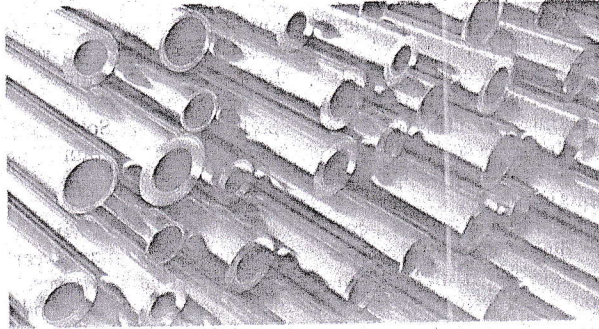
US President Donald Trump's move to probe the potential threats posed by copper imports to national security has triggered a sharp rally in the red metal's prices in the global market.

Trump, signing an executive order for the probe, asked the US Commerce Department to recommend ways to overcome such threat, including through "potential tariffs, export controls or incentives to increase domestic production" within 270 days.

Canada and Mexico have been exempt from all tariffs under the United States-Mexico-Canada trade agreement but Trump's order is impacting the market. Any move to curb imports will result in the US depending on its two major smelters.

Washington imports 50 per cent of its copper needs. In 2024, it imported 8.5 lakh tonnes, excluding scrap.

Copper prices have rallied on Comex, a leading plat-



**CLIMBING UP.** While LME copper prices are up 13 per cent this year, they have gained 25 per cent on Comex

form to trade in commodities futures in precious and base metals, to near-record levels of \$5.1 a pound (\$11,330 a tonne), widening the gap with rates on the London Metal Exchange (LME).

On the LME, the copper three-month contract is ruling at \$9,880 a tonne, leaving Comex enjoying a record premium.

## **MORE THAN GOLD**

While LME copper prices are up 13 per cent this year, on COMEX, they have gained 25 per cent — more than gold.

The US move has resulted in traders shifting the red metal from LME warehouses to the US to take advantage of arbitrage opportunities, said ING Think, the economic and financial analysis wing of Dutch multinational financial service firm ING.

Analysts say copper prices rising to such levels is not a good indicator of the economy. This is because prices have increased on fears over the trade war than any economic buoyancy.

Shanghai Metal Market (SMM) News said Trump's probe into copper has not

only boosted global copper prices but also led to changes in the recent flow of copper cathodes.

It has also impacted Chinese export quotations of domestic copper cathode rods. With more copper cathode flowing into the US market, supplies in China have tightened and raw material prices have increased, it said.

SMM said its data showed the latest FOB export processing fees for copper cathode rods have increased between \$200 and \$245 a tonne. It expressed the fear that Chinese domestic supplies will likely be tight.

The *Trading Economics* Website said demand from China, the world's top consumer, remains strong owing to rising manufacturing activities and Beijing's pledge to increasing spending to stimulate the country's economy.

ING Think said the cancellation of copper warrants in the LME has soared since late February. This has resulted in the largest drawdowns in Asia's inventories, fol-

lowed by those in Europe.

## **WITHDRAW METAL**

"Orders to withdraw metal out of LME warehouses in Asia have surged to the highest level seen since August 2017," it said. This means the person or organisation holding warrants in an LME-authorized warehouse has sought physical delivery.

ING Think said in the near-term, copper prices are likely to remain supported by the front-running of tariffs and tightening of the ex-US physical market as more metal makes its way to the US ahead of any potential levies.

In the long term, tariffs could be bearish for copper and other industrial metals in the context of slowing growth and keeping inflation higher for longer.

"With growth in the US likely to slow on the back of tariffs and China already struggling to revive its economy, demand for copper and other industrial metals is likely to weaken looking ahead," said ING Think.