

Article | 11 February 2025

COMMODITIES DAILY

Commodities Feed: Trump sets 25% tariffs on steel and aluminium

US President Donald Trump has announced a 25% tariff on steel and aluminium imports, effective March 12. The tariffs will apply to all US imports, including from Canada and Mexico, and will also include finished metal products



A metal fabrication plant in Seoul, South Korea. Trump has raised the tariff rate on aluminium and steel imports to 25%

Metals – Trump sets 25% tariffs on steel and aluminium

US President Donald Trump has set a 25% tariff on steel and aluminium imports. The tariffs will apply to all US imports of steel and aluminium, including from the country's biggest suppliers of both metals, Canada and Mexico. The duties will also include finished metal products. The new rates will go into effect on March 12. Trump said the new duties are meant to crack down on the efforts of countries like Russia and China to circumvent existing duties, bolster domestic production and bring more jobs back to the US. However, previous tariffs did not lead to increased domestic aluminium production. In 2024, the output of the US steel industry was 1% lower than it had been in 2017 before the introduction of the first round of tariffs by Trump, while the aluminium industry produced almost 10% less.

Trump's move comes on top of new 10% tariffs on goods from China. The President has also expanded the tariffs introduced in 2018, which former US President Joe Biden largely kept in

place. Exemptions for major suppliers including Canada, Mexico, Brazil and the EU are now removed and the rate of aluminium imports has been raised from 10% to 25%.

The US imports substantial amounts of aluminium and steel from Canada. Approximately half of the US's aluminium requirements are sourced internationally, with Canada being the largest supplier, contributing 58% of these imports. The United Arab Emirates follows, providing 6%, according to US government data. The US also relies on Mexico and Canada for around 90% of its aluminium scrap imports. Meanwhile, around 23% of steel imports into the US arrive from Canada, followed by Brazil at 16%, Mexico at 12% and South Korea at 10%.

Aluminium is likely to be most impacted by potential tariffs on metals with the US importing significant volumes of its aluminium from abroad. Tariffs would result in higher aluminium prices in the US, representing a significant upside risk to the US Midwest premium this year. However, the effects on LME prices will be minimal. US tariffs previously had little impact on LME prices. Tariffs also risk demand destruction in the US as the extra costs would most likely be passed on to end consumers.

The prospect of a global trade war is bearish for the LME aluminium price. Tariffs are bearish for industrial metals in terms of slowing global growth and keeping inflation higher for longer. Read our detailed analysis of the new tariffs [here](#).

Energy – Gas trades at two-year high

Gas prices in Europe are trading at their highest level in two years with the most active TTF futures moving above €58.5/MWh yesterday. The upward rally was driven by rising demand following cooler weather conditions, ongoing supply disruptions, weaker power generation from renewables and low levels of inventory at 48.5% currently. Prolonged colder temperatures across Europe have intensified the need for heating eventually resulting in a faster depletion of inventories. Similarly, US natural gas prices edged higher in the week following the forecasts of cooler temperatures over much of the US.

NYMEX WTI is trading above \$72/bbl while ICE Brent edged above \$76/bbl this morning as the energy sector in Ukraine and Russia continue to face drone assaults, while signs of tighter supplies in Russia and rising geopolitical tensions further pushed the energy complex higher. According to media reports, drones attacked a Russian oil refinery plant in the Saratov region. The affected plant is part of the Rosneft oil company known as Kreking, one of the oldest Russian oil refineries. Meanwhile, Russia also targeted Ukraine's gas and power facilities in an overnight attack.

Agriculture – Coffee rallies to new record highs

Arabica coffee reached yet another fresh record high yesterday amid lingering concerns about tight global supplies. Last week, the International Coffee Organisation (ICO) said global arabica

coffee exports in December were 6.3% lower than last year. Meanwhile, money managers continue to expand their bullish bets in coffee for a seventh consecutive week to 65,717 lots as of 4 February, the highest bullish bets since 9 July 2024. Total coffee stocks at US port warehouses monitored by the ICE exchange continue to hover near the lower levels seen late last year and stood at 862.7k bags as of 7 February. Arabica coffee futures are up almost 33% this year primarily due to tighter supplies from Brazil and concerns about the impact of bad weather on the next harvest season.

Weekly export inspection data from the USDA for the week ending 6 February shows that US corn and wheat inspections rose, while wheat exports eased over the last week. Export inspections of corn stood at 1,334.2kt, up from 1,253kt in the previous week and 892.5kt reported a year ago. Similarly, US wheat export inspections rose to 536.2kt, up from 253.1kt a week ago and 407.5kt reported a year ago. Meanwhile, US soybean export inspections stood at 1,042.2kt, compared to 1,140.3kt a week ago and 1,342.8kt reported a year ago.

Author

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this

THINK economic and financial analysis

report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.