

## Industrial metals breathe a sigh of relief after China-US trade truce

Copper, iron ore and other industrial metals breathed a sigh of relief today after the US and China have agreed to temporarily slash levies on each other's imports. Gold, meanwhile, fell as safe-haven demand for the precious metal eased



The US and China trade truce has helped to lift industrial metals prices

### Risk-on but caution still needed

Copper was up around 1% in Monday afternoon trading and aluminium was almost 3% higher, while gold lost more than 2% after the US and China said they will temporarily lower tariffs on each other's products, with the US reducing its levies on most Chinese imports from 145% to 30% and China lowering its duties on US goods from 125% to 10% for 90 days. At a briefing following the talks, US Treasury Secretary Scott Bessent said neither nation wanted their economies to decouple.

This marks a substantial cooling of trade tensions between the US and China; however, questions remain for markets as to what the end game will be, as the measure will be operational for 90 days, and what the eventual level of tariffs will be.

These new rates return tariffs to pre-Liberation Day levels and represent [a better-than-expected](#)

## de-escalation.

Bessent later said it is “implausible” that reciprocal tariffs on China go below 10%, but the 2 April level – set by President at 34% – “would be a ceiling”.

Trading in metals has been volatile since US President Donald Trump's inauguration, with this volatility mostly driven by both comments made by the President and tariff risks. Tariffs are bearish for copper and other industrial metals in the context of slowing growth and keeping inflation higher for longer. In April, copper saw its worst performance since mid-2022, as signs began to emerge of trade starting to hurt economies, with the US contracting in the first quarter and manufacturing in China's factory activity showing the biggest contraction since December 2023.

Despite the optimism, there are reasons to remain cautious; the US-China talks are only just beginning and there still remains plenty of uncertainty. The tariffs announced today, although lower than expected, are still significant and while the hit to global trade growth might be lower than the markets were previously expecting, it could still hit consumption of raw materials. Meanwhile, the dollar is rising, and if that rally continues, it could be a hurdle to metals prices. With uncertainty still high, volatility is likely to remain elevated across commodities markets.

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