

Article | 26 March 2025

COMMODITIES DAILY

The Commodities Feed: US copper prices hit record highs amid tariff risks

US copper prices rise to record highs amid rising tariff risks, while oil briefly slides on Russia-Ukraine ceasefire hopes



Energy – Russia-Ukraine maritime ceasefire

Oil prices slid after Russia and Ukraine agreed to a maritime ceasefire. The move, though, was short-lived with crude oil prices trading higher in early morning trading today. This renewed strength comes as Russia insists that some conditions for the ceasefire are met before committing. They include lifting some sanctions on Russian banks and companies involved in the trade of agricultural products. In addition, any increase in oil supply could be limited, as Russia diverted oil flows to other markets following Western sanctions, so having little impact on supply. It's not entirely clear when the ceasefire would come into effect. That would depend on if and when Russia's demands are met. Finally, there are still plenty of supply risks hanging over the market in the form of sanctions on Iran and Venezuela, which could push the global oil market into deficit.

Numbers overnight from the American Petroleum Institute were bullish, with inventory draws across the board last week. US crude oil inventories fell by 4.6m barrels, which was very different from the almost 2m barrel increase the market expected. Cushing crude oil stocks fell by 600k barrels, while gasoline and distillate stocks declining by 3.3m barrels and 1.3m barrels,

respectively. The more widely followed an Energy Information Administration (EIA) report will be released today.

Metals – Tariff concerns drive copper to record highs

Copper futures on Comex surged to a record high. That pushed the London Metal Exchange (LME) contract above the \$10,000/t level, as prices benefited from the front-running of tariffs. Last month, President Trump instructed the US Commerce Department to investigate copper import tariffs on national security grounds. Copper prices in New York are up by more than 28% this year, creating a disconnect between prices in the US and the global benchmark set on the LME.

The arbitrage between Comex and LME reached all-time highs of more than \$1,400/t yesterday. This creates incentives for traders to shift metal to the US to front-run any potential tariffs. There's a further upside risk for copper prices in New York if tariffs are implemented. The investigation includes raw mined copper, copper concentrates, copper alloys, scrap copper and derivative copper products. It may take months, allowing more metal to be shipped to the US before tariffs are imposed. However, there are more recent reports that suggest the tariffs could be introduced within weeks. The US copper rush could leave the rest of the world tight on copper if demand picks up more quickly than expected.

Meanwhile, Glencore temporarily suspended copper shipments from its Altonorte smelter in Chile after an issue affecting the plant's furnace created a further tailwind to copper prices yesterday. The Altonorte plant has capacity to produce 349,000 tonnes of copper a year.

In precious metals, exchange-traded funds (ETFs) added 23 tonnes of gold in the last trading session, the biggest one-day increase since 2022. Over the first quarter of 2025, gold-backed ETFs have seen net inflows of around 155 tonnes so far, lifting the total to the highest since September 2023. If this trend is sustained, it will help support prices.

There's still room for further additions given the current total remains shy of the peak hit in 2020. Gold-backed ETFs saw outflows over the last few years. Global holdings in gold ETFs were effectively flat in the fourth quarter and ended the year very close to where they started it even as gold prices surged 27%. Gold has rallied more than 16% this year as escalating trade actions bolstered safe-haven buying. US President Trump's unpredictable trade policy is the key driver for gold. We see uncertainty over trade and tariffs continuing to buoy gold prices.

Agriculture – India to maintain sugar export quota

Recent reports suggest that despite a decline in sugar production in India, the government may uphold its 1mt sugar export quota for the 2024/25 season with India still set to have comfortable stocks at the end of the season.

Author

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@ing.com

Ewa Manthey

Commodities Strategist

ewa.manthey@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 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.