

## The Commodities Feed: Copper retreats from three-month highs

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Copper is one of many metals mined in the Río Tinto river in Spain

### Metals – Copper retreats from three-month highs, LME spread eases back to contango

LME copper retreated from over three-month highs on Monday, while the benchmark cash-to-three-month spread – having moved into backwardation for the first time since June 2023 on Friday – has now eased back to contango. Short-covering on the LME ahead of contract expiry amid expectations of US tariffs on copper triggered a sharp move in the key copper spread last week.

US President Donald Trump has threatened to slap tariffs on copper but said it will take a little longer to implement than those on [aluminium and steel announced last week](#).

The threat of tariffs has led to expectations of temporary tightness in the US copper market, with [traders shifting metal from the global LME warehouses to the US](#) to take advantage of the

arbitrage.

The premium for US Comex copper futures over the LME contract surged to a record high last week, reaching as high as \$1,200/t during Friday's trading session – more than 10% of the LME price. That spread came off that record to above \$900 yesterday.

The US is reliant on around 45% of copper imports for its domestic consumption (according to data from the US Geological Survey). Chile is the country's biggest supplier at 35%, followed by Canada at 26%. If implemented, tariffs would be bearish for copper and other industrial metals in the context of slowing global 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.

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