

The Commodities Feed: Copper retreats from three-month highs

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



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.

Author

Ewa Manthey

Commodities Strategist

ewa.manthey@ing.com

Warren Patterson

Head of Commodities Strategy

Warren.Patterson@asia.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.