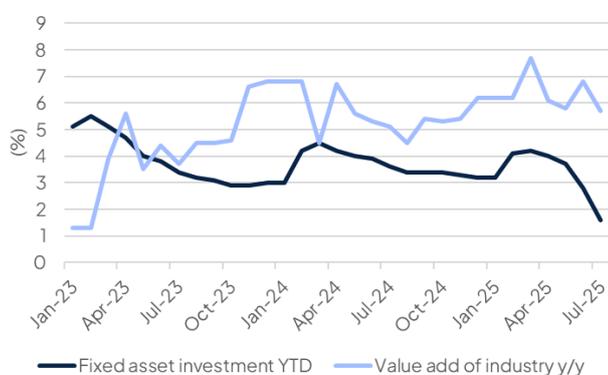


Industrial metals hit by tariffs and weak China data

August 15 2025 – Commodities

The latest economic data out of China makes for some grim reading for industrial metals markets. China's economy has been specifically targeted by the US this year with high tariff rates in an effort to redress the trade balance between the two countries. The trade truce that has reduced the level of duties applied by both countries was renewed earlier this month until November but in the interim the economy is still showing signs of drift.

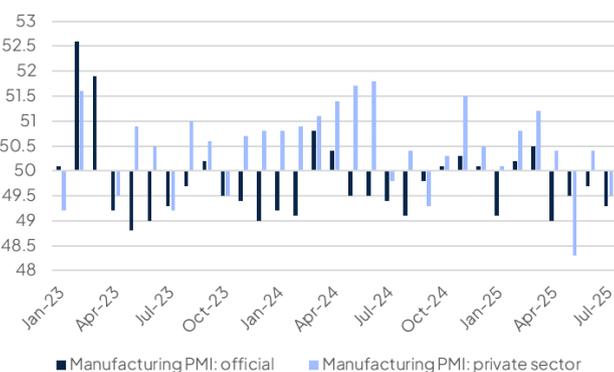
Investment sliding in China



Source: Bloomberg, Emirates NBD

Industry value add growth dropped to 5.7% y/y in July down from 6.8% a month earlier and the slowest pace since November last year. At the same time the pace of growth in fixed asset investment year-to-date slowed sharply in July to just 1.6%, down from 2.8% a month earlier, implying a substantial month/month slowdown. Other manufacturing indicators remain sluggish with official and private sector PMIs covering the sector hovering either side of the neutral 50 level.

Manufacturing has lost its momentum

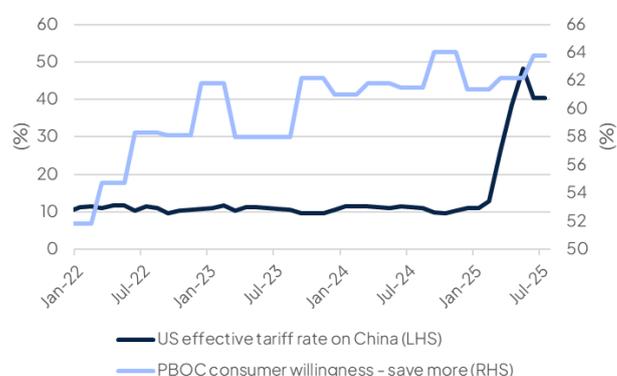


Source: OPEC, Emirates NBD Research

Tariffs and weak sentiment hit China

The tariffs imposed by the US on imports from China have been taking their toll on industry activity but even prior to the elevation of tariff rates sentiment was weakening in China's economy. Consumer preferences to save have risen substantially in the last several years as the economy has been buffeted by turbulence in the property market and overcapacity in the industrial sector.

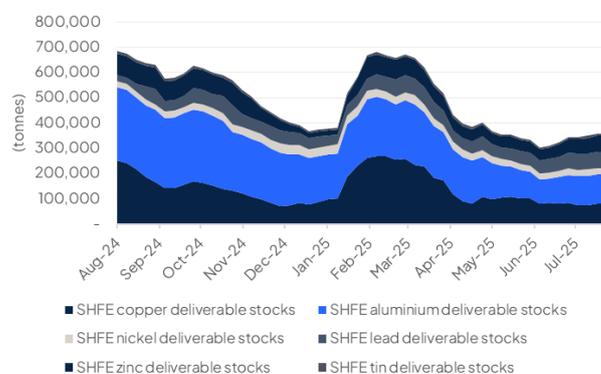
Sentiment was weak even before tariffs



Source: Bloomberg, Emirates NBD

This combination of weak internal demand and externally imposed barriers on the economy is substantially negative for commodity demand and industrial metals in particular. Chinese buyers built up stockpiles of industrial metals earlier this year but since May they have largely been stable.

Metals stockpiles stay level



Source: Bloomberg, Emirates NBD

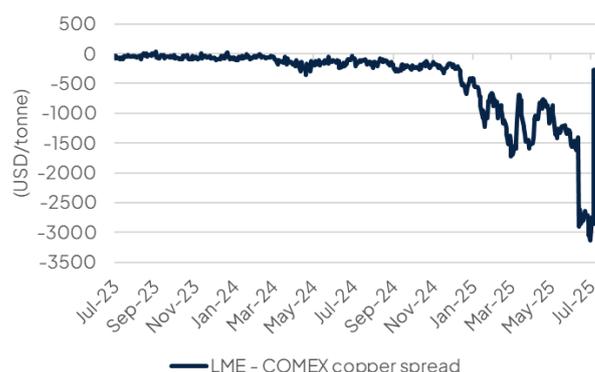


Metals face a tough near-term outlook

Base metals prices have been holding up this year amid a volatile macro and policy background. LME aluminium has recovered from a sharp drop in March – April when US tariffs threatened to create a bifurcated market and prices at around USD 2,620/tonne are up almost 3% year-to-date. The US has imposed tariffs of 50% on imports of aluminium products since June 4, impacting producers like the UAE whose trade in goods to the US are otherwise subject to lower tariff rates.

Copper prices have increased more than 11% year-to-date on the LME even as some copper imports are also subject to high tariff rates from the US. The massive arbitrage opportunity to get copper into the US and take advantage of higher COMEX prices has closed now that tariffs have been imposed.

Copper arb to US closes



Source: Bloomberg, Emirates NBD

While industrial metals have been reasonably resilient, the lack of a clear demand catalyst from major consumer China and the risk of more tariff threats ahead presents a major barrier to prices testing higher levels for the balance of 2025. We expect that Q3 will represent a near-term high before prices drift into the final months of the year and start of 2026.

Industrial metals forecasts (average of period)

	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Aluminium: USD / tonne	2,600.00	2,500.00	2,500.00	2,650.00	2,650.00	2,700.00
Copper: USD / tonne	9,700.00	9,500.00	9,500.00	9,500.00	9,750.00	9,750.00
Lead: USD / tonne	1,990.39	1,969.87	1,969.87	1,969.87	1,995.79	1,995.79
Nickel: USD / tonne	15,000.00	15,500.00	16,000.00	16,500.00	17,000.00	17,000.00
Tin: USD / tonne	32,000.00	31,000.00	30,000.00	30,000.00	29,000.00	29,000.00
Zinc: USD / tonne	2,729.05	2,672.78	2,672.78	2,672.78	2,743.11	2,743.11

Source: Bloomberg, Emirates NBD Research

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