Article | 10 September 2026

COMMODITIES, FOOD & AGRI

Tariff uncertainty tests copper's record rally

Copper has fallen sharply from a fresh record after Reuters reported that a US decision on refined copper tariffs has not yet been made. The move shows how a growing tariff premium has pushed prices ahead of current fundamentals

Copper's reversal highlights the gap between prices and fundamentals

Copper fell more than 3% on Thursday after hitting a record $14,875/t on the London Metal Exchange earlier in the session.

The sell-off followed a Reuters report that the White House has yet to decide whether to impose tariffs on refined copper. Officials are weighing support for domestic production against the risk of higher costs for US manufacturers.

Until now, the market had largely assumed that tariffs would go ahead. The latest news has challenged that view and taken some of the tariff premium out of copper prices.

Tariff premium drives prices higher

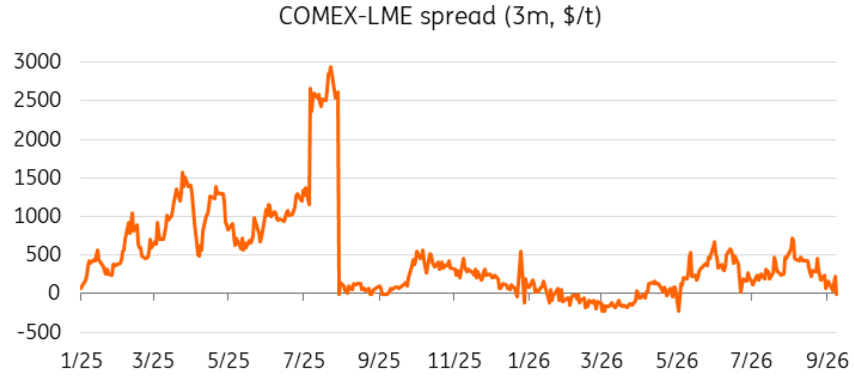
Refined copper was excluded from the 50% tariffs imposed last year on certain semi-finished and derivative copper products.

The Commerce Department was due to update the president by the end of June on whether refined copper should face a 15% tariff from January 2027, rising to 30% in 2028. No decision has been announced.

The prospect of tariffs pushed COMEX prices above the LME, opening a profitable import window. Traders moved more copper to the US to take advantage of the price gap.

But the tariff premium has not been limited to the US. The movement of metal into American warehouses reduced availability elsewhere, helping to lift LME prices.

US tariff premium drives copper higher



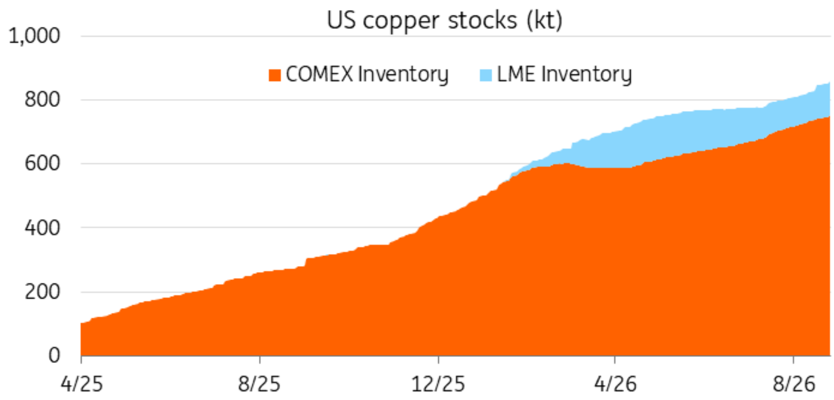
Source: COMEX, LME, ING Research

Copper piles up in the US

July inflows topped 220,000 tonnes, setting a monthly record. By early September, COMEX warehouses held around 680,000 metric tonnes – roughly eight times the volume recorded at the beginning of 2025. Market estimates put total US holdings above one million tonnes once copper outside the exchange system is included.

This has left the US well supplied while inventories available elsewhere have fallen. If the tariff premium between New York and London narrows, shipping more metal to the US will become less attractive. Some stocks could eventually return to international markets.

Copper inventories shift to the US



Source: COMEX, LME, ING Research

Prices run ahead of fundamentals

Copper's longer-term fundamentals remain supportive. ICSG data show that mined output was 1.1% lower year-on-year in the first half. Without a stronger recovery during the remainder of 2026, this would be the first annual contraction in mine supply since 2017.

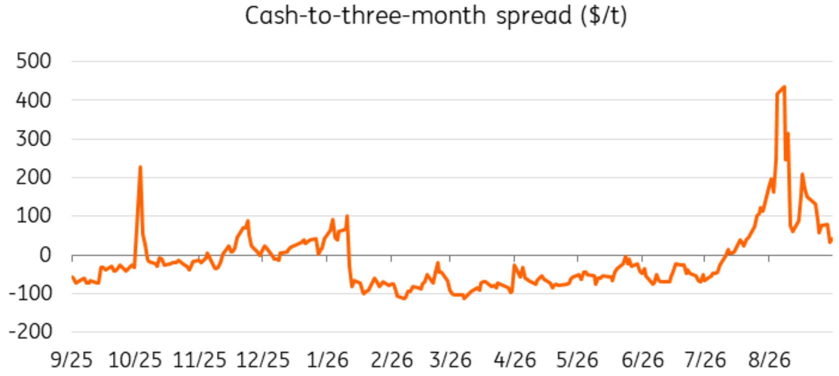
Falling ore grades and long project development times will continue to constrain supply, while demand from power grids, electric vehicles and data centres remains strong.

However, the refined market is not yet facing an outright shortage. Refined production rose 2.4% in the first half, leaving a preliminary surplus of around 131,000 tonnes, according to ICSG.

Some indicators of immediate tightness have also eased. LME inventories have stabilised this month, while pressure at the front of the LME curve has eased. Although cash copper still trades above the three-month contract, the backwardation has narrowed considerably from its August peak. Nearby supply remains tight, but conditions are less stretched than they were last month.

These signals suggest that the move towards $15,000/t had run ahead of current fundamentals.

LME copper backwardation eases from August peak



Source: LME, ING Research

Tariff decision remains key

Either way, the arbitrage will eventually close. If tariffs are ruled out, the US premium should narrow and some metal could return to international markets. If they go ahead, imports could rise again before the duties take effect, but should slow afterwards.

Copper's longer-term outlook remains positive. But the latest reversal shows that prices remain vulnerable to any further weakening in tariff expectations.

Author

Ewa Manthey
Commodities Strategist
ewa.manthey@ing.com

Disclaimer