

## US to slap tariffs soon on steel and aluminum from EU

- United States will announce plans to impose tariffs on steel and aluminum from the European Union as early as Thursday morning.
- The decision would land ahead of a Friday expiration deadline for exemptions to the planned metals tariffs amid stalled trade talks with the EU and would likely prompt retaliation from the bloc.
- Friday's deadline for exemptions also affects Mexico and Canada, which are in contentious negotiations with the United States on the North American Free Trade Agreement that Trump has said he wants to revamp, or abandon if the talks fail.
- President Donald Trump on March 23 imposed a 25 percent tariff on steel imports and a 10 percent tariff on aluminum, but granted temporary exemptions to the EU, Canada, Mexico, Brazil, Australia and Argentina.
- The Trump administration has given permanent metals tariff exemptions to several countries including Australia, Argentina and South Korea, but in each case set import quotas.

**Source: Reuters**

**Our View:** Metals may trade volatile in coming session a lot of speculation is going on this news, actual outcome out of US Tariff may give bullish move in Aluminum and Steel prices in near term but more extension from current date or change in tariff rate towards lower side may keep these metals under pressure.

## China's manufacturing PMI up in May

- Growth in China's services industry picked up in May, an official survey showed on Thursday.
- The purchasing managers' index (PMI) for China's manufacturing sector came in at 51.9 in May, up from 51.4 in April. A reading above 50 indicates expansion, while a reading below reflects contraction.
- The May figure was also higher than the 51.2 for the same period last year, and reached its highest point since October last year, the NBS said in a statement on its website.
- Both production and demand saw steady expansion as the sub-index for production and the new order sub-index rose to 54.1 and 53.8, respectively
- The services sector accounts for over half of China's economy, with rising wages giving Chinese consumers more spending power.
- Non-manufacturing PMI edged up from 54.8 in April to 54.9 this month, and the composite PMI output index rose from 54.1 in April to 54.6 this month.

**Source: Reuters**

**Our view:** Over all positive news for Metals sector and demand for base metals remains higher a positive manufacturing PMI and services PMI may keep Chinese economy performing better in near future and we may see positive move in metals in near term.

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