

Trade Angst Sinks Metals and Miners as Gold Sags Most in a Month
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By Susanne Barton

(Bloomberg) -- Teck Resources Ltd. and Freeport-McMoRan Inc. led a drop in mining shares as metals from aluminum to zinc fell after the U.S. slapped additional tariffs on China, moving the two countries to the cusp of a trade war and sparking a broad market selloff.

The S&P 500 Index of equities opened lower after the U.S. announced a list of \$50 billion of Chinese goods targeted for tariffs and China said it would have to respond. Metals and mining was the worst-performing sector on the index. A dollar gauge headed for the biggest weekly gain since 2016, while gold futures were set for the largest one-day loss in a month.

The stronger dollar and speculation that a trade war will hamper demand fueled a drop in raw materials, with the Bloomberg Commodity Index declining for a second straight day. Federal Reserve Chairman Jerome Powell said this week that trade is a "risk" to the outlook, and that concerns about changes in trade policy are rising even if the impacts aren't yet seen in economic numbers.

The tariffs mean China "won't be importing as much of the base metals," said Peter Thomas, a senior vice president at Chicago-based metals broker Zaner Group. "As these tariffs take affect, we'll see less consumption from each side until it gets settled. It started with base metals and it's pulling on gold."

China is the biggest consumer of industrial metals.

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Gold futures for August delivery fell 1.6 percent to \$1,292.20 an ounce at 10:14 a.m. on the Comex in New York, on course for the biggest decline since May 15.

Vancouver-based Teck Resources slumped 6.1 percent in Toronto trading, the biggest intraday drop since October, while Phoenix-based Freeport declined 4.1 percent. The Bloomberg Americas Mining Index of 32 companies headed for a fourth straight loss.

Copper for delivery in three months slid 2 percent on the London Metal Exchange, heading for the biggest weekly loss since February.

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