

Authors

Geordie Wilkes
Head of Research

FRI 31 JULY 2020 18:10

Daily Base Metals Report

European equity markets buckled today as the UK delayed some measures that would further re-open the economy and COVID cases in Spain continued to increase. Uncertainty surrounding the European economy increased following weak data, as GDP in Q2 declined 12.1% Q/Q and 15% y/y, core CPI for July was 1.2%. In the U.S. stocks are negative at the time of writing as energy stocks offset the strength in Tech. Florida has recorded a cumulative death total of 6,843, with total cases in the state at 470,386. Tensions between China and the U.S. continue to escalate after the U.S. sanctioned a Chinese company and two individuals after Michael Pompeo called China's leaders tyrants. The dollar index was stronger today trading at \$93.42, the 10 yr traded sideways to 0.546%.

Sentiment on the LME was cagey today, only zinc was up >1% on the day. Copper continued to consolidate today, and failed into \$6,500/t prompting a sell-off back towards \$6,400/t, the market closed at \$6,413/t. The cash to 3 months spread settled at \$9/t. Zinc was well supported today, through \$2,300/t and closed at \$2,318.5/t. Nickel prices soften today after failing above \$13,900/t once again to close at \$13,786/t. Lead consolidated once again, after rejecting resistance at \$1,880/t to close at \$1,879.5/t. Aluminium prices sold off back to \$1,700/t, closing at \$1,713.5/t, cash to 3s continue to widen to -\$38.05/t. Tin was also softer today, closing at \$17,897/t.

Energy prices have consolidated today with WTI and Brent trading at \$39.82/bl and \$43.18/bl respectively. OPEC+ are expected to increase supply in the coming month, but as we are seeing more cases in Europe air travel may falter. Precious metals have been well supported once again today, with gold and silver trading \$1,972/oz and \$24.06/oz respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	1725	1731	1705	1713.5	1725	17568	786821	-38.30	77.34
Copper	6473	6500	6375	6413	6456	17905	319170	9.00	289.62
Lead	1871	1882	1856	1879.5	1870	3816	107995	-17.75	84.73
Nickel	13810	13910	13675	13786	13785	5434	198142	-48.00	622.79
Tin	17950	18000	17755	17897	17780	252	16913	12.00	810.35
Zinc	2297	2334	2288	2318.5	2293	9750	207743	-10.50	105.01
					Total:	54725	1636784		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	1685.5	1722	1790.5	1867	1683.3	1720	1639.35	1672.93	
Copper	6446.5	6439.5	6405.75	6415.75	6441.75	6430.5	6353.76	6348.59	
Lead	1843	1861	1899.5	1932.5	1855.75	1873	1812.15	1828.28	
Nickel	13756	13806	14044	14257	13678	13726	13341.35	13388.83	
Tin	17880	17822			17827	17805	17452.96	17375.48	
Zinc	2299	2311	2345.5	2372.5	2279	2286.5	2162.24	2172.89	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	1643125	0	5700	-5700	1637425	255100	1382325	Comex, USc/lb		
Copper	129225	2425	3525	-1100	128125	80225	47900	SEP 20	286.6	-1.65
Lead	117600	0	25	-25	117575	15900	101675	DEC 20	288.8	-1.55
Nickel	234786	558	102	456	235242	56382	178860	Shanghai, CNY/mt		
Tin	4015	0	120	-120	3895	65	3830	0-Jan	0	0.00
Zinc	188175	0	125	-125	188050	17150	170900	0-Jan	0	0.00

Global Markets

Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	12313	-0.54	GBP	1.31	0.01	Gold	1973.61	0.87	1952.2
DJI	26039	-1.04	JPY	105.90	-1.10	Silver	24.10	2.55	2316
S&P500	3225	-0.65	EUR	1.18	-0.49	Gold Comex	1986.5	1.00	
SSE	3310	0.71	CNY	6.98	0.48	Platinum	907.5	-0.06	
Hg Seng	24595	-0.47	AUD	0.71	-0.71	Palladium	2086.71	-0.08	
Brent	43	0.49	RUB	74.28	-1.51				

Source: Bloomberg
Updated: 7/31/2020 17:51

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).