

Authors

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Daily Base Metals Report

The equity markets in Europe came under pressure, but US stocks gained ground as investors weighed up the CPI reading tomorrow and the Fed decision on Wednesday. This week, there is a large amount of volatility risk due to central bank rate decisions from the Fed, ECB, BOE, Norges Bank, and Swiss National Bank. The VIX is rising back to 24; the Put/Call ratio for the S&P 500 was at 1.42 on Friday. The dollar is against the Yen and CHF, but the index consolidated today, and the 10yr yields for the majors are rising. The US 10yr yields at 3.586%, with the UK 10yr at 3.198%. The UK GDP came in above expectations, which could prompt a 75bp rate hike this week, but the implied probability favours 50bps; there is a risk premium for the UK at the moment. The ECB and Fed are also expected to raise rates by 50bps.

Metals prices were mixed today as aluminium and copper came under the most selling pressure. Aluminium on warrant stocks increased today by 17%; this, in conjunction with rising COVID cases in China, prompted fears over demand. Futures prices declined, testing support at \$2,400/t and trading marginally above this level at the time of writing at \$2,410/t. The cash to 3-month spread trades at -\$35/t; the US will keep the section 232 duties in place after the WTO rejected the notion their tariffs were justified. Copper also failed to hold onto the highs of the day at \$8,474/t, which prompted a sell-off back to \$8,380/t, global demand is still prompting copper to fall, and the weaker spreads suggest the physical market is less tight. Zinc continues to have a purple patch as the near-term tightness in the spreads keeps prices bid, prompting a close at \$3,269/t and the backwardation at \$30.50/t. Conversely, nickel disconnects from the physical market; the cash to 3-month spread trades at \$249/t contango, while the 3-month LME trades at \$29,370/t after testing \$30,000/t. Tin and lead were sold today, closing at \$23,950/t and \$2,180.50/t.

Energy prices gained ground today, with Brent and WTI at \$77.68/bl and \$72.97/bl, respectively. The spread between the 1st month at Cushing and Brent is 4.67/bl, tightening from the November low at -\$8.25/bl as WTI catches a bid as Russian crude is shipped to Asia. According to Bloomberg, nearly 90% of seaborne crude was shipped to Asia from Russia in the week ending December 9th. Gold and Silver softened today to \$1,783.5/oz and \$23.25/oz, respectively.

All price data is from 12.12.2022 as of 17:30

Base Metals Report

Monday, 12 December 2022 17:00

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	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads C-3M	Conversion USc/lb
Aluminium	2468	2468	2402	2414	2470	13664	575504	-38.01	109.34
Copper	8453	8474	8338	8374	8486	11960	245450	-44.75	378.80
Lead	2179	2195	2157	2180	2167	3125	103121	-3.00	98.79
Nickel	29100	30010	28825	29518	28810	1085	140768	-293.00	1329.04
Tin	24125	24370	23325	23950	24165	246	14739	20.00	1088.63
Zinc	3220	3275	3188	3269.5	3227	6439	195839	30.50	147.83
				Total:		36519	1275421		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg Cash	3M
Aluminium	2390	2430	2492.25	2586.25	2447.25	2480.5	2448.4375	2480
Copper	8371.5	8415	8375.5	8365.5	8507	8543	8385.875	8418.375
Lead	2190	2195	2185.75	2177.75	2192	2199.5	2191.5625	2207
Nickel	29310	29475	30318	31323	29210	29433	28708.75	28885
Tin	23900	23855			24328	24290	24144.375	24023.75
Zinc	3284	3242	3180.75	3050.5	3286	3240.5	3167.9375	3147.6875

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets Last	% Change
Aluminium	471575	37350	7250	30100	501675	240325	261350	Comex, USc/lb	
Copper	85425	0	1125	-1125	84300	26675	57625	DEC 22	-0.12
Lead	24350	0	0	0	24350	425	23925	MAR 23	-0.13
Nickel	53226	0	198	-198	53028	4602	48426	Shanghai, CNY/mt	
Tin	3140	0	125	-125	3015	405	2610	22-Nov	-1.05
Zinc	37200	0	500	-500	36700	20850	15850	22-Dec	-0.78

Global Markets

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	14307	-0.45	GBP	1.2278	0.1550	Gold	1781.78	-0.8646	1793	1796.15
DJI	33745	0.80	JPY	137.6300	-0.7774	Silver	23.22	-1.0978		2311
S&P500	3956	0.55	EUR	1.0530	-0.0949	Gold Comex	1793.1	-0.972		
SSE	3179	-0.87	CNY	6.9776	-0.2752	Platinum	1001.68	-2.5205		
Hq Seng	19464	-2.20	AUD	0.6737	-0.8536	Palladium	1894.89	-3.1619		
Brent	78	2.12	RUB	118.6895	1.4433					

Source: Bloomberg
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