

## Authors

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TUE 13 DECEMBER 2022 00:30

# Daily Base Metals Report

Risk on appetite across financial markets was triggered by a softer-than-expected US CPI reading at 7.1% Y/Y compared to the 7.3%, which was expected. The previous reading was 7.7% Y/Y. Equities rallied sharply off the back of the news but are now off the highs as investors look to the Fed meeting tomorrow. In our opinion, the lower print has confirmed a 50bp hike tomorrow, and the decline in energy price will aid in cooling price pressures. However, stock markets need to be pricing in the impact of tighter monetary policy on earnings. The rise in material prices due to a weaker dollar and China's re-opening could increase the probability of stagflation in 2023. The USD index sold off to 104 today, and cable and EURUSD continued to rally to 1.2378 and 1.0644 at the time of writing. The US 10yr bonds declined to 3.467%, with the UK and Germany at 3.278% and 1.8985%; the ECB and BOE will meet this week. Unemployment increased in the UK to 3.7%, weakening the BOE's hand slightly.

Metals prices were well bid today, except for nickel which is down 3.35% to \$28,530/t. The cash to 3 months spread weakened further to \$293/t contango. The deep contangos could be due to producers not wanting to hold long-term hedges and long-roll their positions. Zinc prices are still bid as futures tested resistance at \$3,340/t, but futures closed off the highs at \$3,318.5/t. Copper prices caught a bid as traders expect a more dovish Fed, but the terminal rate is likely to be higher. Conversely, higher metal prices will be inflationary. Copper trades at \$8,478/t, and the spreads are at \$46/t contango. Aluminium was well supported at \$2,407/t, prompting prices to push towards \$2,458.5/t. The tin spread is at \$45/t backwardation as the 3-month price closed at \$24,644/t.

Energy prices were bid today, with Nat Gas up 6.8%, Brent above \$80/bl at \$81.00/bl, and WTI trading at \$76.02/bl. The weaker dollar and softer inflation outweighed fears from OPEC+ about demand next year due to an economic slowdown. The Fed tomorrow will again be key for market sentiment, but precious metals continue to gain as they slow rate hikes. Gold traded higher to \$1,810.3/oz, and silver is at \$23.73/oz. We expect precious metals to rally into 2023.

All price data is from 13.12.2022 as of 17:30

## Base Metals Report

Tuesday, 13 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	2418	2485	2407	2461	2411	14083	585024	-41.25	111.54
Copper	8388	8629	8371	8497	8369	17057	244228	-46.00	385.42
Lead	2185	2209	2169	2205.5	2184	3665	104341	-8.25	99.79
Nickel	29620	29850	28215	28287	29375	1731	142182	-293.00	1285.49
Tin	24400	24700	24025	24644	24125	467	14817	45.00	1109.95
Zinc	3267	3339	3241	3318.5	3267	8011	197963	27.75	150.21
					<b>Total:</b>	<b>45014</b>	<b>1288555</b>		

### Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg Cash	3M
Aluminium	2388	2428	2539	2634	2375.99	2414	2441.722222	2474.222222
Copper	8381	8433	8424	8365.5	8329.25	8374	8385.333333	8420
Lead	2201	2210	2210.75	2202.75	2177.5	2180.5	2192.611111	2207.333333
Nickel	28800	29150	30325	31323	29225	29518	28718.88889	28914.44444
Tin	24300	24250			23970	23950	24161.66667	24048.88889
Zinc	3289	3265	3242.25	3112.25	3300	3269.5	3181.388889	3160.722222

### LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets Last	% Change
Aluminium	501675	0	5250	-5250	496425	235075	261350	Comex, USc/lb	
Copper	84300	100	2525	-2425	81875	24150	57725	DEC 22	379.85
Lead	24350	0	0	0	24350	425	23925	MAR 23	380.05
Nickel	53028	0	150	-150	52878	4452	48426	Shanghai, CNY/mt	
Tin	3015	15	0	15	3030	415	2615	22-Nov	66100
Zinc	36700	0	50	-50	36650	21200	15450	22-Dec	65910

### Global Markets

	Currencies		Precious Metals		Previous Day's Fix					
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	14498	1.34	GBP	1.2377	0.8803	Gold	1812.09	1.7205	1790.6	1786.60
DJI	34050	0.13	JPY	135.1500	1.8646	Silver	23.76	1.9155		2339
S&P500	4028	0.94	EUR	1.0633	0.9111	Gold Comex	1823.7	1.752		
SSE	3176	-0.09	CNY	6.9517	0.3726	Platinum	1036.27	3.1977		
Hq Seng	19596	0.68	AUD	0.6868	1.8236	Palladium	1951.85	3.1399		
Brent	81	4.10	RUB	118.6895	1.4433					

Source: Bloomberg  
 Updated: 13/12/2022 17:15

### Risk warning

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