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Daily Base Metals Report

US stocks dropped today following the release of the Fed's minutes. During the latest central bank meeting, the policymakers reaffirmed their efforts to quell inflationary pressures, stressing that rates will remain higher for longer. At the time of writing, the markets are pricing in the rates to begin softening in H2 2023. Meanwhile, the US economy continues to show signs of cooling in the face of a tighter monetary policy environment, with supply-chain conditions continuing to ease and input prices declining amid slower demand. The US labour market data, on the other hand, highlights the employment resilience, with private payrolls exceeding expectations at 235,000 in December while jobless claims fell to a 3-month low. The dollar and the 10yr US Treasury yields jumped higher.

Sentiment across China was boosted by the news of further reopening with Hong Kong, lifting the shares to July highs. This momentum, however, failed to last across the base metals market, with performance across the group mixed today. Nickel, in particular, sold off for the second consecutive day, falling by more than \$270/t during the day to \$27,748/t on the back of index rebalancing taking place this month. Lead gains also did not hold as the metal fell to close at \$2,217.50/t. Likewise, aluminium fluctuated, reaching a high of \$2,320/t before settling at the previous close of \$2,255/t. Zinc closed at \$3,005/t.

Oil futures managed to settle higher despite fluctuating earlier in the day after Saudi Arabia cut prices, signalling slowing demand. WTI and Brent closed at \$74/bl and \$79/bl. Meanwhile, natural gas prices fell to the lowest level since October 2021 after the January weather was forecasted to be the warmest in years, easing the energy crunch for Europe's outlook. Precious metals declined rapidly following the minutes from the Fed, driving the yields higher, with gold falling from a 6-month high of \$1,865/oz to \$1,830/oz.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2270	2322	2252	2255	2267	15946	546418	-32.55	102.49
Copper	8267	8444	8218	8374.5	8251	17539	241291	-14.00	380.70
Lead	2255	2265	2207	2217.5	2255	5427	107369	47.25	100.43
Nickel	29000	29010	27600	27748	29200	2428	135518	-152.00	1260.55
Tin	25070	25620	24800	24861	25145	403	14525	-47.00	1131.72
Zinc	2992	3037	2966	3005	2986	5825	187412	23.25	136.40
Total:						47568	1232533		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2270	2304	2444.5	2534.5	2231.75	2266.5	2285.833333	2320	
Copper	8420	8438	8228	8198	8236	8252	8339.666667	8361	
Lead	2298.5	2243	2245.9	2235.9	2331	2268	2317.166667	2259.333333	
Nickel	28775	28860	29260	32301	29616	29768	29908.333333	30070	
Tin	25100	25135			25062	25095	25133.333333	25156.666667	
Zinc	3040	3014	2823	2681	3019.25	2992	3007	2978	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	442425	0	5925	-5925	436500	235150	201350	Comex, USc/lb		
Copper	88575	0	800	-800	87775	11875	75900	MAR 23	374.05 -0.69	
Lead	25150	800	50	750	25900	16650	9250	MAY 23	374.6 -0.72	
Nickel	55164	0	132	-132	55032	6390	48642	Shanghai, CNY/mt		
Tin	3025	0	20	-20	3005	165	2840	23-Jan	64180 -1.29	
Zinc	27750	0	1950	-1950	25800	13450	12350	23-Feb	64110 -1.43	

Global Markets		Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	14436	-0.38	GBP	1.1904	-1.2526	Gold	1830.25	-1.3108	1857.55
DJI	32887	-1.15	JPY	133.5200	-0.6666	Silver	23.14	-2.6031	2429
S&P500	3813	-1.04	EUR	1.0519	-0.8016	Gold Comex	1835	-1.291	
SSE	3155	1.01	CNY	6.8822	0.2194	Platinum	1059.36	-2.0816	
Hq Seng	21052	1.25	AUD	0.6742	-1.4183	Palladium	1732.93	-3.5208	
Brent	79	1.35	RUB	118.6895	1.4433				

Source: Bloomberg
Updated: 05/01/2023 17:05

All price data is from 05.01.2023 as of 17:30

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