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Daily Base Metals Report

US stocks jumped higher amid jobs data relief that supports the Fed's move to slow down the pace of hikes this year. US nonfarm payrolls increased by 223,000 in December, less than anticipated, and wage gains cooled. At the time of writing, the markets are leaning towards a 25bps hike at the end of this month, down from the 50bps announced during the latest meeting. Moreover, the US service gauge fell sharply into the contractionary territory at 49.6 in December, with softening demand driving the decline. As a result, the 10yr US Treasury yield sold off while the 2yr yield lost as much as 30bps. The dollar weakened into 104. Elsewhere, European inflation returned to single-digit growth of 9.2% in December; however, the cooling energy pressures were the only reason for the decline, whilst the core components of inflation remained upwardly sticky.

Metals climbed higher on the open today on the back of the news that China might ease the "Three Red Lines" policy that helped accelerate the housing market collapse. Still, this failed to support the sentiment among the base metals group, only with softer job gains in the US adding to the gains later on in the day. Aluminium jumped higher from the support level of \$2,260/t to settle at \$2,295.50/t; the cash to 3-month spread tightened into - \$32.50/t. Copper was also seen edging higher, breaking above the resistance of \$8,550/t to \$8,589.50/t. Nickel remained broadly unchanged following the two-day sell-off as it settled below \$28,000/t at \$28,089/t. Only lead closed lower at \$2,200.50/t.

Oil futures were also seen jumping higher following the jobs report, with WTI and Brent edging to \$74/bl and \$79/bl. Precious metals rallied as a result; gold and silver now traded at \$1,860/oz and \$23.80/oz, respectively. The former retested recent highs.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2260	2312	2255	2295.5	2256	17298	544964	-32.55	104.74
Copper	8416	8593	8361	8589.5	8440	22226	242598	-17.00	389.62
Lead	2215	2236	2176	2200.5	2216	4819	108154	30.76	100.36
Nickel	27510	28305	27260	28089	27995	2334	136245	-149.00	1273.25
Tin	24860	25395	24765	25270	24950	205	14570	-60.00	1145.33
Zinc	3012	3040	2973	3023.5	3012	6671	187349	18.25	137.89
				Total:		53553	1233880		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2242.5	2275	2444.5	2534.5	2222.95	2255.5	2275	2308.75	
Copper	8362.5	8387	8333.75	8298.75	8361.5	8374.5	8345.375	8367.5	
Lead	2235	2196	2231.26	2221.26	2264.75	2217.5	2296.625	2243.5	
Nickel	27465	27675	29373	30198	27599	27748	29297.5	29471.25	
Tin	25250	25300			24814	24861	25162.5	25192.5	
Zinc	2994	2982	2854.75	2712.75	3028.25	3005	3003.75	2979	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	436500	0	7975	-7975	428525	228225	200300	Comex, USc/lb		
Copper	87775	0	1375	-1375	86400	12500	73900	MAR 23	382.1 2.15	
Lead	25900	0	100	-100	25800	16575	9225	MAY 23	382.45 2.10	
Nickel	55032	24	234	-210	54822	6690	48132	Shanghai, CNY/mt		
Tin	3005	30	5	25	3030	360	2670	23-Jan	65170 1.54	
Zinc	25800	0	1500	-1500	24300	11950	12350	23-Feb	65150 1.62	

Global Markets		Currencies		Precious Metals			Previous Day's Fix			
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	14610	1.20	GBP	1.2065	1.3184	Gold	1862.60	1.6209	1850.25	1834.00
DJI	33535	1.84	JPY	132.3000	0.8390	Silver	23.83	2.528		2341
S&P500	3872	1.68	EUR	1.0620	0.9314	Gold Comex	1867.6	1.467		
SSE	3158	0.08	CNY	6.8333	0.6893	Platinum	1087.21	2.343		
Hq Seng	20992	-0.29	AUD	0.6866	1.6884	Palladium	1801.14	3.1941		
Brent	80	1.36	RUB	118.6895	1.4433					

Source: Bloomberg
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All price data is from 06.01.2023 as of 17:30

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