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Daily Base Metals Report

US stocks jumped higher today amid broader positive sentiment on speculations that the Fed will slow down the pace of hikes as inflation cools. Swap contracts now point to the terminal rate peaking below 5.0%, down from 5.06% last Friday. US CPI reading is out Thursday and is forecast to come down to 6.5% y/y, the level not seen since October 2021; core components of inflation are set to remain upwardly sticky. This comes in line with the inflation expectation data from the NY Fed's survey that pointed to 1-year-ahead inflation declining to 5.0% in December. The dollar weakened to 102.96, the June low, and the 10yr US Treasury yield now trades at 3.50%.

Metals rallied on hopes of renewed Chinese demand. At the same time, officials are considering a record quota for local government bonds and widening the budget deficit target with the aim of providing support amid reopening. This, coupled with the historically low inventory level, boosted the risk appetite for the base metal group today. The only exception was nickel, which fell back below the \$28,000/t support to close at \$27,434/t. Aluminium saw the strongest gains, rallying by more than 5.5% to settle at \$2,438.5/t, the highs not seen since the year-end. Next in line was zinc, which also saw a strong rally to close at \$2,251.50/t. Likewise, copper jumped higher to \$8,859.50/t; cash to 3-month weakened into -\$26.00/t. Lead closed at \$3,205.50/t.

Likewise, oil futures jumped higher on Chinese optimism; however, the move was limited as the demand outlook remained broadly unchanged given the build-up of inventory over the lockdown period. WTI and Brent now trade at \$74/bl and \$79/bl. Gold and silver wavered but settled at the previous day's close of \$1,875/oz and \$23.0/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads C-3M	Conversion USc/lb
Aluminium	2313	2446	2302	2438.35	2308	22902	546857	-36.50	110.18
Copper	8650	8865	8640	8859.5	8610	26444	244835	-26.00	401.84
Lead	2221	2310	2215	2251.5	2227	9938	108209	12.50	101.27
Nickel	28500	29370	27360	27434	28850	2749	136724	-175.00	1246.03
Tin	25435	25950	25305	25861	25350	359	14542	-60.00	1172.55
Zinc	3052	3244	3048	3205.5	3039	12009	186062	17.75	144.20
				Total:		74401	1237229		

Official Prices								Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2336.5	2370	2479.5	2564.5	2264.26	2295.5	2287.3	2321	
Copper	8722	8746	8524.4	8479.4	8569.9	8589.5	8420.7	8443.2	
Lead	2318	2287	2276.5	2266.5	2231.26	2200.5	2300.9	2252.2	
Nickel	27485	27750	30166	30554	27904	28079	28935	29127	
Tin	25600	25825			25210	25270	25250	25319	
Zinc	3154	3134	3003.5	2836	3041.75	3023.5	3033.8	3010	

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	428525	0	6450	-6450	422075	221775	200300	Comex, USc/lb		
Copper	86400	100	1350	-1250	85150	13300	71850	MAR 23	391.1 2.36	
Lead	25800	0	25	-25	25775	16550	9225	MAY 23	391.3 2.31	
Nickel	54822	0	294	-294	54528	6186	48342	Shanghai, CNY/mt		
Tin	3030	50	25	25	3055	350	2705	23-Jan	66020 1.30	
Zinc	24300	0	1450	-1450	22850	10550	12300	23-Feb	65650 0.77	

Global Markets	Currencies			Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	14793	1.25	GBP	1.2202	0.9013	Gold	1877.40	0.6276	1834.5 1852.20
DJI	33887	0.76	JPY	131.6100	0.3571	Silver	23.84	0.0424	2345.5
S&P500	3943	1.24	EUR	1.0758	1.0710	Gold Comex	1882	0.658	
SSE	3176	0.58	CNY	6.7682	0.8835	Platinum	1096.6	0.2074	
Hq Seng	21388	1.89	AUD	0.6948	1.0324	Palladium	1781.19	-1.6965	
Brent	80	1.87	RUB	118.6895	1.4433				

Source: Bloomberg
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All price data is from 09.01.2023 as of 17:30

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