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Daily Base Metals Report

US stocks jumped higher following a softer inflation report release. US CPI figure came at 6.5% y/y and -0.1% m/m, with the softness coming from falling energy costs. Core inflation rose by 5.7% y/y, the slowest since December 2021. Despite being in line with market expectations, continued softness in pricing pressures has given the market a respite about the trajectory of the monetary policy tightening. The forward swaps are now pricing in a 27bps rate hike in February, vs 36bps a week ago. On the other hand, the labour market data shows little weakness, with initial jobless claims posting a increase to 205,000 in the week ending January 7th. Before we see any increase in the unemployment level, the economy must first see the number of job openings fall while jobless claims increase. With these figures remaining robust at the moment, a rise in the unemployment rate is not yet imminent, putting pressure on wage growth and complicating the path for the Fed down the line. The dollar fluctuated but continued to weaken, and the 10yr US Treasury yield tested 3.50%.

After yesterday's rally, most metals started the day on the back foot; however, softer inflation boosted prices in the latter half of the day. Aluminium jumped above the \$2,500/t resistance level, marking the 5th straight day of positive gains; the metal closed at \$2,548.50/t. Likewise, copper maintained its position above \$9,000/t, with an appetite for higher prices bringing the level to \$X/t; cash to 3-month remained broadly unchanged in recent days at -\$19.50/t. Lead closed unchanged at \$2,198/t, while zinc strengthened into \$3,235.50/t. In the meantime, China's domestic social inventories show signs of swelling ahead of the Lunar New Year celebrations as demand cools during the off-season. Concurrently, reports suggest that some aluminium smelters closed their production ahead of the scheduled holiday period, as domestic demand has been weaker than expected, especially coming from the metal processors.

WTI and Brent futures jumped to \$78/bl and \$84/bl on the back US data. Gold and silver, however, struggled to post solid gains, with gold remaining unchanged at \$1,893/oz as silver settling at \$23.85/oz.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2489	2552	2454	2548.5	2487	20428	552133	-30.00	115.44
Copper	9150	9240	9058	9187	9169	21474	253851	-19.50	416.04
Lead	2181	2208	2120	2198	2179	9181	111371	14.00	99.75
Nickel	26335	27690	25970	27013	25950	2979	135538	-203.00	1231.52
Tin	26695	27445	26650	27409	26520	290	14758	-88.00	1244.67
Zinc	3206	3250	3167	3235.5	3210	8650	187704	20.00	147.26
Total:						63002	1255355		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2447	2476	2686.75	2781.75	2477.75	2510	2341.4375	2375
Copper	9071.5	9090	9060.5	8984.5	9107.5	9124.5	8616.0625	8637
Lead	2155	2142	2227.5	2217.5	2204	2192	2258.6875	2222.625
Nickel	26475	26750	28595	29470	26836	27039	28303.125	28526.875
Tin	27475	27360			26721	26813	25740.625	25804.375
Zinc	3215	3200	3029.25	2861.75	3226.25	3207	3094.0625	3074.5

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	413700	0	4825	-4825	408875	216700	192175	Comex, USc/lb		
Copper	84800	150	400	-250	84550	17550	67000	MAR 23	407.75 1.27	
Lead	21850	300	600	-300	21550	11425	10125	MAY 23	407.9 1.23	
Nickel	53994	0	576	-576	53418	7620	45798	Shanghai, CNY/mt		
Tin	3085	30	25	5	3090	395	2695	23-Jan	67450 1.46	
Zinc	21675	0	550	-550	21125	9975	11150	23-Feb	67390 1.32	

Global Markets		Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	15058	0.74	GBP	1.2181	0.2882	Gold	1892.04	0.8717	1884.25 1872.35
DJI	34130	0.46	JPY	129.7700	2.0652	Silver	23.81	1.6758	
S&P500	3973	0.09	EUR	1.0824	0.6229	Gold Comex	1895.1	0.862	
SSE	3163	0.05	CNY	6.7339	0.4618	Platinum	1069.95	-0.2694	
Hq Seng	21514	0.36	AUD	0.6943	0.5649	Palladium	1781.18	0.0663	
Brent	84	1.96	RUB	118.6895	1.4433				

Source: Bloomberg
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All price data is from 12.01.2023 as of 17:30

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