

Authors

Daria Efanova
Head of Research

WED 08 FEBRUARY 2023 00:10

Daily Base Metals Report

US stocks fluctuated ahead of Powell's speech today, which should address the path of monetary policy in the coming months. Many will pay attention to any indications confirming a pivot shift by the end of the year, but we expect continued reiteration of a higher-for-longer terminal rate outlook. The recent jobs figure would help highlight the prevailing economic resilience. In the meantime, the Fed's Bank of Minneapolis President Kashkari mentioned that policymakers would need to continue raising rates to around 5.4%. The dollar steadied after two consecutive days, settling at 103.60; 10yr US Treasury yield was at 3.63%. Elsewhere, Japan wage data surprised on the upside, gaining as much as 4.8% y/y in December, marking the fastest rate of growth since 1997. This release could fuel hawkish speculations from the new BOJ governor as Kuroda steps down in April.

Likewise, moderate fluctuations were seen across the base metals market today, with momentum struggling to point out an outlook in either direction. Aluminium wavered around the \$2,350/t level, settling slightly lower at \$2,524.50/t; cash to 3-month spread tested \$40/t contango again. Some downstream aluminium players in China are seen returning to resume production. However, power curtailment remains in place for many provinces, with Yunnan expected to continue to see a fall in output in the coming weeks. Likewise, copper saw some moderate upside, gaining ground to \$8,925/t. Nickel tested the \$27,000/t level, but managed to settle slightly higher at \$27,248/t. China's quiet recovery out of lockdown meant demand did not materialise at the pace many expected, and local inventories continued to build. In particular, SHFE stocks rebounded, closing at 2,812mt. LME nickel inventory, on the other hand, declined, hitting a new low of 48,672mt last week, highlighting the discrepancy between the regions. Lead and zinc closed at \$2,098/t and \$3,136.50/t, respectively.

Oil futures jumped after Saudi Arabia announced higher crude prices for its Chinese customers, signalling higher confidence in the region's demand outlook. WTI and Brent settled at \$76/bl and \$83/bl. Gold and silver edged higher to \$1,876/oz and \$22.30/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2548	2556	2505	2524.5	2544	13240	580487	-38.50	114.94
Copper	8911	8958	8831	8925	8900	13245	253797	-35.00	405.20
Lead	2100	2124	2080	2098	2100	4136	110016	-12.00	95.71
Nickel	27220	27460	26740	27248	27175	2125	139925	-205.00	1236.73
Tin	26810	27270	26810	27071	27170	262	14273	-119.00	1236.73
Zinc	3131	3195	3082	3136.5	3121	8798	205663	33.25	144.54
					Total:	41806	1304161		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2472.5	2514	2708.26	2798.26	2498.01	2533.5	2540.5	2577.6	
Copper	8865	8891.5	8818	8779.75	8838	8871.5	9021.1	9046.2	
Lead	2069	2081	2125.75	2115.75	2087.75	2100	2112.1	2123.6	
Nickel	26810	27105	28250	29465	27053	27258	28433	28711	
Tin	27050	27100			26786	26880	28261	28365	
Zinc	3137	3095	2956	2756	3164	3131	3297.5	3264.2	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	392200	0	2000	-2000	390200	168625	221575	Comex, USc/lb		
Copper	67450	200	1175	-975	66475	10625	55850	MAR 23	409.1 -0.49	
Lead	20200	2000	25	1975	22175	3325	18850	MAY 23	410.4 -0.44	
Nickel	49728	390	402	-12	49716	6396	43320	Shanghai, CNY/mt		
Tin	3195	0	0	0	3195	690	2505	23-Feb	68620 -0.68	
Zinc	16225	0	625	-625	15600	7525	8075	23-Mar	68860 -0.46	

Global Markets		Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	15321	-0.16	GBP	1.2018	-0.0083	Gold	1876.96	0.5076	1873.25
DJI	33851	-0.12	JPY	131.3300	1.0127	Silver	22.33	0.264	2238
S&P500	4116	0.11	EUR	1.0705	-0.1958	Gold Comex	1889.8	0.548	
SSE	3248	0.29	CNY	6.7880	0.1237	Platinum	980.53	0.5661	
Hg Seng	21299	0.36	AUD	0.6929	0.6683	Palladium	1646.52	2.7694	
Brent	83	2.98	RUB	118.6895	1.4433				

Source: Bloomberg
Updated: 07/02/2023 16:52

All price data is from 07.02.2023 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).