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Daily Base Metals Report

US stocks failed to hold up earlier gains, following the faster-than-expected inflation reading earlier in the day. S&P 500, however, struggled to break below the opening lows, and we anticipate this is due to the inflation figure being within the margin of error in relation to the estimated level. US CPI grew by 6.4% y/y in January, up from the estimates of 6.2% provided by Bloomberg. Energy and shelter costs were again the key drivers of growth, with the former remaining at elevated levels during the month. Core inflation rose by 5.6% y/y, and consumers shifted more of their expenditure towards the services. The forward swaps are now pricing in higher-for-longer terminal rates. The dollar jumped higher to 103.40, and the 10yr US Treasury yield strengthened into 3.78% for the first time since early January. Elsewhere, UK wages rose sharper than expected, increasing by 6.7% y/y in December, marking the fastest pace of growth since the series started in 2001.

Base metals jumped higher in the latter part of the day on the back of CPI data, but quickly reversed these gains to settle marginally unchanged. Aluminium settled lower at \$2,409/t after breaching support of \$2,408/t. Many aluminium smelters in Europe continue to face challenges in production despite the drop in regional energy prices, according to Norsk Hydro, with a further 60,000t of capacity to be potentially curtailed if there is another increase in energy prices. At the same time, stocks continued to build, and LME closing warrants were seen rising sharply, jumping to the April highs at 601,600mt. Copper jumped higher, but struggled to break above \$9,000/t, settling at \$8,946.50/t. Lead and zinc remained broadly unchanged at \$2,095/t and \$3,082.50/t, respectively.

Oil futures tumbled after the US stated its plan to release 26m more barrels from its reserves, with deliveries set to take place between April and June. WTI and Brent tumbled to \$78/bl and \$85/bl. Precious metals were all seen lower, with gold and silver breaking to \$1,847/oz and \$21.65/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2425	2444	2406	2408	2426	14598	584266	-30.00	109.29
Copper	8950	9056	8908	8946.5	8960	15132	247422	-23.50	405.63
Lead	2115	2115	2091	2095	2115	2903	105697	-9.00	95.14
Nickel	26570	27105	26280	26459	26470	1788	137257	-218.00	1198.40
Tin	27575	27670	26700	26817	27575	297	13824	-219.00	1211.10
Zinc	3111	3145	3075	3082.5	3118	7698	199329	25.75	139.84
Total:						42416	1287795		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2391	2420	2579.25	2664.25	2378.75	2412.5	2480.45	2517.3
Copper	8931.5	8958	8892.25	8837	8916.5	8938	8981.35	9007.85
Lead	2096.5	2111	2120.75	2110.75	2087.5	2097	2110.2	2116.6
Nickel	26900	26900	28002	28752	26409	26627	27788	28039
Tin	27125	27400			27368	27528	27925.5	28050
Zinc	3134	3116	2901.5	2721.5	3127	3097.5	3216.45	3186.55

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	576775	30375	5550	24825	601600	147300	454300	Comex, USc/lb		
Copper	62575	2400	1175	1225	63800	11100	52700	MAR 23	405.75 1.02	
Lead	22125	0	0	0	22125	5375	16750	MAY 23	407.25 1.03	
Nickel	47958	0	1248	-1248	46710	4110	42600	Shanghai, CNY/mt		
Tin	3135	0	5	-5	3130	730	2400	23-Feb	68440 0.63	
Zinc	25925	0	600	-600	25325	7075	18250	23-Mar	68520 0.54	

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change		Last	% Change	Last	% Change	AM	PM		
DAX	15419	0.14	GBP	1.2150	0.0906	Gold	1847.69	-0.3129	1858.5	1856.05
DJI	33891	-1.04	JPY	133.0800	-0.4959	Silver	21.68	-1.4059		2198.5
S&P500	4097	-0.97	EUR	1.0717	-0.0560	Gold Comex	1858.1	-0.290		
SSE	3293	0.28	CNY	6.8310	-0.1859	Platinum	934	-2.5205		
Hg Seng	21114	-0.24	AUD	0.6958	-0.1148	Palladium	1493.48	-4.9108		
Brent	85	-1.40	RUB	118.6895	1.4433					

Source: Bloomberg
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All price data is from 14.02.2023 as of 17:30

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