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Daily Base Metals Report

Equities have suffered today, with the U.S. down at the time of writing, as hawkish comments from the Fed and ISM data indicate persistent inflationary pressures. The ISM prices reached 51.3, up 6.8, the highest since September. New orders are still firm, and some items remain in short supply, but the manufacturing data was weak at 47.7, and this reading highlighted the low new orders to inventory ratio, which is below 1. Manufacturing in the eurozone and the U.K. was contractionary at 48.5 and 49.3, and the U.K. reading was slightly above expectations. The USD has weakened today and tested support at 104, while cable consolidated at 1.203. The U.S. 10yr is testing 4.0% again, and we expect the hawkish comments from the Fed to prompt rates to edge higher.

Metals were buoyed by Chinese manufacturing data overnight, which showed the Caixin PMI at 51.6, with the non-manufacturing PMI at 56.3. This promoted metals to rally, with Zinc gaining the most ground to test \$3,134.50/t, but the market closed just off these highs at \$3,115.5/t. The zinc spread remains in backwardation at \$27/t. Copper struggled above \$9,100/t once again, and the market trades at \$9,096/t at the time of writing. Aluminium was well supported to tested appetite at \$2,450/t, the spreads remain in contango, and tightness is limited; the market trades at \$2,429/t. Nickel prices tested resistance at \$25,505/t but retreated from this level back below to \$24,900/t. Lead and tin also closed on the front foot at \$2,141.5/t and \$25,334/t.

Energy prices oscillated unchanged, with Brent and WTI trading at \$83.54/bl and \$76.88/bl, respectively. U.S. inventories to the highest level since May 2021, with the weekly build at 1.166m barrels and total stock at 480,207 thousand barrels. Gold and silver prices rallied today, reaching \$1,840.28/oz and \$21.09/oz, respectively.

All price data is from 01.03.2023 as of 17:30

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