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Daily Base Metals Report

US stocks continued to edge lower after another strong labour market data release, putting pressure on the Fed to tighten monetary policy. US initial jobless claims fell to 190k in the week ending February 25th, failing to show any signs of easing in the labour market. The 10yr and 2yr yields remained above 4.0%, reaffirming the sentiment for a more hawkish Fed. The dollar rose back to 105. The swaps are now pricing in a peak terminal rate of 5.5% in September, with some betting for the figure to be as high as 6.0%. Meanwhile, euro area inflation data pointed to a less-than-expected deceleration in underlying performance, at 5.6% y/y, and show no signs of abating. We anticipate that central banks' rhetoric will once again begin to shift in the coming months, with increased cautiousness of increasing interest rates too far and too quickly, as market hawkish belief accelerated rapidly in recent weeks.

Metals followed the markets lower today, driven once again by the monetary policy outlook from the Fed. Even a mild improvement in ISM manufacturing failed to sway the markets into a weakening economic environment in the US. Copper weakened sharply after breaching the support level of \$9,050/t, falling back below \$9,000/t to \$8,958.50/t. Lead and zinc closed lower at \$2,125.50/t and \$3,048/t, respectively. Aluminium weakened, falling back to \$2,399.50/t. We have seen downstream purchases pick up on the back of price improvements in aluminium in recent days, but the overall uptake has failed to show signs of recovery; the spreads remain low despite historically weak inventory levels, given little domestic demand in China at the moment.

Oil futures edged slightly higher, with WTI and Brent now trading at \$78/bl and \$84/bl. Gold and silver fluctuated but struggled to recover, trading at \$1,836/oz and \$20.80/oz, respectively.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2442	2455	2384	2399.5	2444	16500	603206	-45.00	108.77
Copper	9121	9121	8881	8958.5	9128	20817	248007	-17.00	404.61
Lead	2138	2139	2098	2125.5	2142	3881	103546	-2.50	96.41
Nickel	24810	24895	24100	24395	25000	1976	137666	-214.00	1106.78
Tin	25485	25525	24440	24570	25355	338	13532	-193.00	1112.67
Zinc	3121	3143	3020	3048	3134	8172	193671	19.00	137.60
				Total:		51684	1299628		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2366.5	2411	2631.5	2711.5	2385.02	2431.5	2365.25	2408.75
Copper	8896	8922	9027.5	8972.5	9084	9100.5	8981.25	9001.5
Lead	2108	2110	2159.5	2159.5	2140.5	2141.5	2123	2122.5
Nickel	24160	24380	26404	27279	24676	24890	24592.5	24802.5
Tin	24850	25050			25139	25334	25250	25475
Zinc	3075	3059	2910	2750	3142.5	3115.5	3083.25	3062.25

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage		Last	% Change
Aluminium	550100	0	3275	-3275	546825	108075	438750	Comex, USc/lb		
Copper	63200	3500	2475	1025	64225	23425	40800	MAR 23	416.8	1.72
Lead	25100	0	25	-25	25075	5125	19950	MAY 23	416	1.72
Nickel	44094	0	210	-210	43884	3432	40452	Shanghai, CNY/mt		
Tin	2940	15	25	-10	2930	785	2145	23-Mar	69850	0.24
Zinc	33225	3875	1350	2525	35750	3775	31975	23-Apr	69970	0.43

Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change		AM	PM
DAX	15328	0.15	GBP	1.1939	Gold	1835.68	-0.0566	1833.5	1841.25
DJI	32771	0.33	JPY	136.8600	Silver	20.82	-0.8041		2099.5
S&P500	3942	-0.24	EUR	1.0592	Gold Comex	1842	-0.184		
SSE	3311	-0.05	CNY	6.9158	Platinum	964.54	0.5378		
Hg Seng	20429	-0.92	AUD	0.6716	Palladium	1442.76	-0.0679		
Brent	84	0.13	RUB	118.6895					

Source: Bloomberg
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All price data is from 02.03.2023 as of 17:30

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