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Daily Base Metals Report

US stocks came in lower today after Jerome Powell stated that policymakers are likely to lift interest rates higher and potentially faster than originally expected as high inflation persists. The dollar jumped above 105, and 2yr yield tested the high of 4.96%, driven by unexpectedly aggressive rhetoric from the Fed. On the other hand, the 10yr US Treasury yield remained broadly unchanged, highlighting that most of the readjustment took place at the front end of the curve. EU bond yields weakened, with Germany 10yr at 1.69%, as softer inflation expectations data pointed to a 3yr-ahead figure falling to 2.5% and 1yr-ahead to 4.9%. This, accompanied by market pricing in most of the hawkish moves from central banks, should provide some respite ahead of the monetary policy meetings; we expect sentiment to improve slightly in the coming days. At the same time, EU governments will seek to rein in fiscal spending by member states that supported growth through the pandemic as well as the most recent energy crisis, as it aims to avoid severe budgetary restrictions that could push it into recession.

Metals weakened today, once again driven by a combination of a hawkish central bank outlook and weak demand out of China. In particular, Chinese exports continued to decline, falling by 6.8% in January and February, highlighting muted overseas demand. Domestic inventories continue to build higher, but markets remain hopeful for further signs of China's recovery, especially in April, one of the busiest periods of production. Aluminium weakened below yesterday's support level of \$2,360/t to settle at \$2,350/t. Aluminium smelters in Yunnan are said to have completed necessary production cuts, and we will start to pay close attention to production in the region in the coming weeks. Copper fell below \$8,800/t to close at \$8,763.50/t; downward momentum was further supported by the news that Peruvian production is set to normalise in the coming days, following months of unrest. Lead and zinc closed lower at \$2,087.50/t and \$2,954/t, respectively.

Oil futures weakened given the risk-off sentiment; WTI and Brent fell to \$78/bl and \$84/bl. Precious metals felt the sharpest declines, given their sensitivity to Fed moves, with gold and silver declining to \$1,818/oz and \$20.21/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2385	2391	2343	2350	2387	13022	603878	-48.00	106.73
Copper	8944	8976	8746	8763.5	8950	17725	250117	-24.00	397.53
Lead	2111	2117	2072	2087.5	2106	3604	101724	-5.50	94.76
Nickel	24395	24475	23640	24145	24445	2449	137468	-210.00	1094.30
Tin	24380	24575	24150	24177	24575	249	13519	-185.34	1103.60
Zinc	3041	3057	2950	2954	3052	8158	193076	26.75	133.97
					Total:	45207	1299782		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg
							Cash 3M
Aluminium	2312.5	2360	2587.75	2685.75	2334	2382	2345.2 2389.9
Copper	8824	8854	8871	8826	8893.25	8920.5	8910.1 8936.3
Lead	2088	2092	2130.7	2130.7	2115.65	2122.5	2117.8 2119.6
Nickel	23960	24125	25963	26863	24204	24430	24400 24604
Tin	24350	24450			24396.83	24555	24665 24862
Zinc	3012	2992.5	2826	2666	3054	3032.5	3059.7 3038.4

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	562325	0	4400	-4400	557925	105125	452800	Comex, USc/lb		
Copper	72400	3000	1025	1975	74375	20475	53900	MAR 23	410.05	0.55
Lead	24775	0	0	0	24775	4825	19950	MAY 23	408.85	0.53
Nickel	44628	0	210	-210	44418	4440	39978	Shanghai, CNY/mt		
Tin	2940	0	30	-30	2910	870	2040	23-Mar	69540	0.32
Zinc	34850	4325	50	4275	39125	2975	36150	23-Apr	69560	0.06

Global Markets

Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	15563	-0.58	GBP	1.1857	-1.3971	Gold	1819.37	-1.4885	1851.7 1849.05
DJI	33108	-0.97	JPY	136.9200	-0.7230	Silver	20.25	-3.7973	2108.5
S&P500	4007	-1.01	EUR	1.0575	-0.9924	Gold Comex	1823.7	-1.666	
SSE	3285	-1.11	CNY	6.9666	-0.4995	Platinum	937.88	-4.2296	
Hg Seng	20534	-0.33	AUD	0.6601	-1.9168	Palladium	1397.2	-3.5156	
Brent	84	-2.31	RUB	118.6895	1.4433				

Source: Bloomberg
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All price data is from 07.03.2023 as of 17:30

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