

Authors

Daria Efanova
Head of Research

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Daily Base Metals Report

US stocks opened higher, but momentum struggled to keep up, and stocks pulled back. Markets continued to raise their expectations for a bigger-than-expected hike for the March meeting, with forward swaps now at 42bps vs 30bps a week ago. Nonfarm payrolls are expected to come in lower at 225k, according to Bloomberg, given January's unexpected performance; however, the market has underestimated job levels for ten consecutive months, and we expect investors to believe that to be the case again for tomorrow's release. Today's initial jobless claims at 211k, the December highs, are adding a layer of uncertainty to the labour market outlook, but we believe a reading above 300,000 for nonfarm payrolls would suggest that it is still running hot. After that, another key data point the markets will pay attention to is January CPI which is set to be released on the 14th, a week before the Fed meeting. Still, we expect a moderate 25bps increase for March and tighter adjustment to come through marginal rate increase to keep the terminal rate higher for longer rather than front-loading it. The dollar weakened to 105.22, and the 10yr US Treasury yield remained under 4.00%.

Another day of lacklustre sentiment across the base metals today, as China's inflation data pointed to a weaker-than-expected demand recovery from the region. Consumer prices increased by 1.0% y/y in February, down from January's performance of 2.1%. PPI has further deepened into deflation. Aluminium weakened to \$2,328/t despite the news that Europe closed another smelter due to the prevailing energy crisis. Speira is said to be shutting its German plant following a 50% cut in production from September. We have seen some European smelters resume production given softer energy prices; however, the restart has been marginal, with many opening into the economy with a diminishing demand outlook. Copper fluctuated around \$8,853/t. Lead and zinc closed marginally lower at \$2,084/t and \$2,974/t, respectively.

Oil futures benefitted from a weaker dollar, with WTI and Brent gaining ground to \$77/bl and \$82/bl. Gold and silver also strengthened following the jobless claims; gold and silver now trade at \$1,827/oz and \$20.10/oz, respectively.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2362	2365	2326	2328	2362	11714	606096	-46.00	105.57
Copper	8873	8910	8811	8853	8860	9276	246836	-16.75	400.68
Lead	2093	2095	2069	2084	2089	2088	101168	-1.75	94.42
Nickel	23810	23945	23200	23269	23925	2096	138247	-223.75	1053.25
Tin	23505	23800	23010	23351	23605	437	13877	-203.00	1061.19
Zinc	2976	2992	2944	2974	2975	5725	190833	20.50	134.97
				Total:		31336	1297057		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2291	2335.5	2568.75	2675.75	2305.69	2354	2329.357143	2374.428571	
Copper	8808	8827	8881.75	8838.75	8886	8910.5	8881.214286	8904.785714	
Lead	2076	2081.5	2126.25	2131.25	2086.5	2092	2107.428571	2109.928571	
Nickel	23225	23475	25590.25	26640.25	23750.25	23974	24103.57143	24310	
Tin	23005	23250			23572.74	23742	24260.71429	24455	
Zinc	2967.5	2954	2843.75	2683.75	3004	2975	3036.571429	3016.857143	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	554300	0	3125	-3125	551175	108325	442850	Comex, USc/lb		
Copper	73350	1000	1975	-975	72375	25475	46900	MAR 23	410.05	0.55
Lead	24775	800	0	800	25575	4825	20750	MAY 23	408.85	0.53
Nickel	43722	0	312	-312	43410	3402	40008	Shanghai, CNY/mt		
Tin	2730	0	0	0	2730	600	2130	23-Mar	69540	0.32
Zinc	39075	0	325	-325	38750	2700	36050	23-Apr	69560	0.06

Global Markets

	% Change			Last	% Change		Last	% Change	AM	PM
DAX	15633	0.01	GBP	1.1914	0.5825	Gold	1825.80	0.6616	1813.35	1816.30
DJI	32744	-0.17	JPY	136.4800	0.6448	Silver	20.08	0.2612		2010.5
S&P500	3998	0.15	EUR	1.0571	0.2466	Gold Comex	1829.6	0.605		
SSE	3276	-0.22	CNY	6.9655	-0.0904	Platinum	945.41	0.552		
Hg Seng	19926	-0.63	AUD	0.6606	0.2580	Palladium	1376.54	-0.0378		
Brent	83	0.21	RUB	118.6895	1.4433					

Source: Bloomberg
Updated: 09/03/2023 17:03

All price data is from 29.03.2023 as of 17:30

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