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FRI 24 MARCH 2023 00:10

Daily Base Metals Report

A 25bps hike from Fed last night would have traditionally soured the mood in risk assets, lifting the dollar and yields higher. This did not take place. On the contrary, we have seen a continued gain in traditional safe havens such as gold and US stocks strengthened on the open. While this is partly driven by market confidence that the banking sector risks are not broad enough to cause a shift in monetary policy, we believe investors are also cautious about the upcoming outlook for the Fed and whether we might see another hike take place. Forward swaps are pricing in a 12bps hike in May, and subsequently, the case for a pivot building in the latter part of the year. Following suit, the BOE has hiked interest rates by 25bps today after a reversal in February's inflationary reading. Similar moves were seen by the Swiss and Norway central banks. On the economic front, initial jobless claims drifted lower once again, remaining near historic lows, further underlying the robustness of the labour market.

Another day of positive risk-on sentiment helped bring base metal prices higher, keeping the fundamental support levels intact. Aluminium climbed higher, breaching resistance of \$2,300/t to close higher at \$2,326/t. Copper rejected prices below \$8,850/t before gaining ground back above \$9,000/t to close at \$9,031/t. Lead closed at \$2,126/t. Zinc's move on the upside in the latter half of the day is playing catch up with other metals, as it struggled to gain momentum in line with gains that we have seen in aluminium and copper. The metal closed at \$2,907/t. Refined zinc inventory in China has remained flat since the build-up that we saw at the start of the year. We see that demand is struggling to recover, and downstream players have been sluggish. Some European smelters have seen profits restored, given the drop in electricity prices. However, overall demand and supply in the region remain muted and will struggle to recover in the face of a higher interest rate environment. We expect zinc to flirt with \$2,820/t in the near term.

Oil futures struggled to find momentum, and WTI and Brent settled slightly higher on the day at \$70/bl and \$76/bl. Precious metals saw another day of positive gains, with gold and silver trading at \$1,992/oz and \$23.15/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2291	2346	2287	2326	2285	16447	621183	-48.90	105.60
Copper	8905	9047	8836	9031	8929	19624	243755	3.00	409.64
Lead	2115	2140	2107	2126	2119	3742	102928	18.50	96.43
Nickel	22535	22735	22074	22517	22765	2086	135144	-333.00	1022.41
Tin	23790	24395	23230	24348	23600	545	13336	22.00	1102.69
Zinc	2877	2920	2853	2907	2877	6613	184802	29.00	132.06
Total:						49057	1301148		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2265	2313.5	2497.5	2608.5	2236.5	2286.5	2279.294118	2326.705882	
Copper	8917	8917	8945	8800	8900.5	8888.5	8791.705882	8804.029412	
Lead	2146.5	2134	2174.5	2194.25	2147.75	2116	2101.352941	2099.735294	
Nickel	21895	22100	23801	25001	22128	22461	23253.52941	23502.64706	
Tin	23850	23850			23291	23395	23423.82353	23564.11765	
Zinc	2894	2867	2767.25	2610.25	2892.25	2866	2960.088235	2939.382353	

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	541325	150	2525	-2375	538950	107150	431800	Comex, USc/lb		
Copper	74600	2000	3125	-1125	73475	33100	40375	MAR 23	406.85 1.24	
Lead	25725	0	0	0	25725	4525	21200	MAY 23	404.45 1.26	
Nickel	43884	0	84	-84	43800	5892	37908	Shanghai, CNY/mt		
Tin	2380	30	0	30	2410	370	2040	23-Apr	68590 0.65	
Zinc	39750	0	50	-50	39700	2400	37300	23-May	68500 0.66	

Global Markets			Currencies			Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change		Last	% Change	AM	PM	
DAX	15210	-0.04	GBP	1.2326	0.4728	Gold	1994.47	1.2365	1941.85	1949.35
DJI	32338	0.96	JPY	130.7100	0.5585	Silver	23.13	0.6151		2234.5
S&P500	3989	1.33	EUR	1.0898	0.3869	Gold Comex	2014.7	2.446		
SSE	3287	0.64	CNY	6.8199	0.7346	Platinum	989.35	0.2645		
Hg Seng	20050	2.34	AUD	0.6719	0.5086	Palladium	1440.56	-0.8821		
Brent	76	-0.34	RUB	118.6895	#N/A					

Source: Bloomberg
Updated: 23/03/2023 16:51

All price data is from 23.03.2023 as of 17:30

Risk warning

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