

Authors

Daria Efanova
Head of Research

WED 12 APRIL 2023 00:10

Daily Base Metals Report

US stocks fluctuated ahead of the inflation data as well as the kick-off in the earnings season on Friday. US CPI is out tomorrow, forecast to have come in 90bps lower in March than in February, at 5.1% y/y. A release above this level would reaffirm our base case for another 25bps hike from the Fed. Meanwhile, Friday's nonfarm payroll data rose at a firm pace while unemployment dropped. While some labour market data is showing signs of easing, the employment data remains historically high and will take months to translate into higher unemployment, given the lag effect, and so, we do not expect to see protracted changes in the labour market soon enough to the Fed to alter its path. Meanwhile, the IMF trimmed its global growth outlook once again, given the recent banking turmoil, forecasting growth of 2.8% by the end of this year. The dollar weakened back to 102 while the 10yr US Treasury yield settled higher at 3.43%.

Base metals saw some marginal upside upon reopening today after China's CPI data came in lower than expected, bringing forward expectations of greater stimulus support from the government. The nation's consumer and produce inflation remained muted in March, growing by 0.7% y/y and -2.5%, respectively, suggesting a lack of demand from the domestic market. At the same time, China's credit expanded at a faster-than-expected rate in March, reaching 5.4tr yuan as the central bank unleashed long-term liquidity to support economic activities. Instead of easing monetary policy, the central bank has reduced the RRR and offered some infrastructure support, and we expect this to provide support for base metal performance over the long term. Copper benefitted slightly, gaining marginal ground to test the \$8,850/t level, closing at \$8,854.50/t. Aluminium, on the other hand, struggled, falling below \$2,300/t to close at \$2,302.50/t. Lead and zinc settled marginally unchanged at \$2,087/t and \$2,757.50/t, respectively.

Oil futures reversed Monday's loss, jumping back above \$80/bl to \$81/bl and \$85/bl for WTI and Brent, respectively. Gold and silver remained elevated, finding support at \$2,000/oz and \$25.00/oz.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2338	2344	2296	2302.5	#N/A N/A	15796	622314	-43.75	104.64
Copper	8799	8920	8776	8854.5	#N/A N/A	13953	248360	-5.25	401.61
Lead	2112	2112	2084	2087	#N/A N/A	4465	103169	17.50	94.62
Nickel	22935	23590	22785	23472	#N/A N/A	1898	138503	-143.00	1066.63
Tin	23980	24050	23550	23733	#N/A N/A	431	13496	-46.00	1072.98
Zinc	2787	2807	2749	2757.5	#N/A N/A	6897	178411	13.25	125.49
					Total:	43440	1304253		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2268	2308	2525	2625	#N/A N/A	#N/A N/A	2319.3	2365.3	
Copper	8837.5	8842	8765.75	8729.75	#N/A N/A	#N/A N/A	8869.9	8872.8	
Lead	2121	2098	2132	2151.75	#N/A N/A	#N/A N/A	2125.5	2116.7	
Nickel	22850	23200	24255	25225	#N/A N/A	#N/A N/A	22906	23223	
Tin	24050	24000			#N/A N/A	#N/A N/A	25080	24990	
Zinc	2784	2763	2643.99	2488.99	#N/A N/A	#N/A N/A	2854.5	2834.3	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	512725	0	0	0	512725	91275	421450	Comex, USc/lb		
Copper	62275	0	0	0	62275	26125	36150	MAY 23	397.65	-0.97
Lead	26375	0	0	0	26375	4475	21900	JUL 23	398.35	-0.92
Nickel	42150	0	0	0	42150	4866	37284	Shanghai, CNY/mt		
Tin	1830	0	0	0	1830	335	1495	23-Apr	68650	-0.26
Zinc	44700	0	0	0	44700	2750	41950	23-May	68550	-0.32

Global Markets

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	15656	0.37	GBP	1.2421	0.3150	Gold	2004.54	0.6558	2017.25	2001.90
DJI	33686	0.30	JPY	133.6100	0.0000	Silver	25.09	0.8744		2493.5
S&P500	4111	0.06	EUR	1.0910	0.4697	Gold Comex	2019.6	0.789		
SSE	3314	-0.05	CNY	6.8864	-0.0247	Platinum	1003.95	0.6648		
Hg Seng	20485	0.76	AUD	0.6653	0.1807	Palladium	1459.65	2.5359		
Brent	85	1.38	CAD	1.3475	0.2523					

Source: Bloomberg
Updated: 11/04/2023 16:50

All price data is from 11.04.2023 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).