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Daily Base Metals Report

US stocks started the week on the back foot as investors assessed the impact of the labour data from last week. Further remarks from a Fed official signalled that interest rates could remain higher for longer. Still, that did little to impact market expectations in regard to the Fed's path, with forward swaps only pricing in 6bps until the year-end. The key risk this week is US CPI, which is expected to have re-accelerated in July, growing by 3.3% y/y, while core is set to remain unchanged at 4.7%. Despite CPI ticking up higher, longer-term disinflationary pressures would be in line with market expectations of the end of the tightening cycle. The dollar remained strong above 102, and the 10yr US Treasury yield continued to soften following last week's moves on the upside.

Base metals continued to drift lower today, weighed on by stronger dollar moves. We expect the greenback to remain robust in Q3 2023, as the US remains one of the most resilient economies among the group, and earlier end of the tightening cycle in comparison to the ECB and the BOE is less likely to provide headwinds to currency performance in the near term. Copper remained supported above \$8,460/t, settling slightly above this level at \$8,485/t. We are cautious of the potential supply risks bubbling up in the copper market. In particular, threats of El Nino could trigger major supply disruptions for mines across the affected regions. For now, a bearish macro is still present, but support levels remain firm above the cost of production in the meantime. Aluminium remained unchanged at \$2,230/t. Nickel continued to edge lower into the \$21,100/t support area. Lead and zinc both remained broadly unchanged, closing at \$2,138/t and \$2,496.50/t, respectively.

Oil futures weakened amid general risk-off sentiment today, with WTI and Brent falling to \$81/bl and \$85/bl. Gold and silver remained muted at \$1,933/oz and \$23.15/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2232	2242	2220	2230	2239	8365	697647	-49.75	101.13
Copper	8529	8588	8482	8485	8549	15517	286250	-50.00	385.04
Lead	2133	2160	2129	2138	2135	4371	118151	-9.25	96.93
Nickel	21300	21670	21045	21102	21280	3143	150881	-239.00	957.18
Tin	27660	28010	27595	27756	27540	250	15574	-72.00	1260.09
Zinc	2508	2510	2482	2496.5	2506	4966	202089	13.50	113.08
					Total:	36612	1470592		

Official Prices	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2178	2230	2400.25	2520.25	2182.85	2232.5		2176.9	2225
Copper	8495	8542	8655	8695	8523.25	8573		8536.6	8584.2
Lead	2143	2154	2150	2163	2120.3	2127.5		2141.3	2147.4
Nickel	21250	21550	22269	23269	21082	21310		21517	21751
Tin	27850	27750			27632	27700		27627	27706
Zinc	2500	2494	2515.75	2520.75	2506.5	2504		2505.1	2505.3

LME Stocks (tonnes)	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	503325	0	2000	-2000	501325	223650	277675	Comex, USc/lb		
Copper	79325	0	0	0	79325	375	78950	SEP 23	386.75	-0.82
Lead	57125	0	600	-600	56525	6875	49650	DEC 23	389.4	-0.79
Nickel	37110	0	66	-66	37044	1008	36036	Shanghai, CNY/mt		
Tin	5480	75	0	75	5555	60	5495	23-Aug	69100	-0.56
Zinc	94900	0	3250	-3250	91650	28625	63025	23-Sep	68950	-0.49

Global Markets	Currencies		Precious Metals		Previous Day's Fix					
Last	% Change		Last	% Change	Last	% Change	AM	PM		
DAX	15951	-0.01	GBP	1.2770	0.1647	Gold	1932.80	-0.5204	1934	1942.45
DJI	35423	1.02	JPY	142.4800	-0.5053	Silver	23.11	-2.2298		2345
S&P500	4506	0.62	EUR	1.0998	-0.0727	Gold Comex	1967.5	-0.435		
SSE	3269	-0.59	CNY	7.1916	-0.2600	Platinum	921.93	-0.4341		
Hg Seng	19538	-0.01	AUD	0.6563	-0.1065	Palladium	1237.23	-1.8344		
Brent	86	-0.81	CAD	1.3372	0.0523					

Source: Bloomberg
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All price data is from 07.08.2023 as of 17:30

Risk warning

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