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FRI 01 SEPTEMBER 2023 00:10

Daily Base Metals Report

US stocks have fluctuated once again after another data-heavy day; markets are now bracing for the nonfarm payrolls tomorrow, which should round up labour market performance for August. Trading volumes remain thin, given the traditional seasonality. The Fed's core gauge of inflation came in line with market expectations, growing by 4.2% y/y and 0.2% m/m in July, with the latter marking the smallest monthly increase since late-2020, once again highlighting moderate but slowing price growth. Data on consumer spending indicated a growth of 0.8% despite slower personal income. This is likely to solidify market expectations of a pause from the Fed for the remainder of Q3. The dollar strengthened while the 10-year US Treasury yield continued to soften back to 4.0%. Elsewhere, euro area inflation figures pointed to a stop in a slowdown in price declines that we have seen for the majority of this year, growing by 5.3% y/y, driven mostly by energy rises. Still, expectations of a hike later on in the year have cooled, and we suspect this to be partially due to a softer probability of a hike from the Fed.

Mixed performance was seen across the base metals market, with lead breaking above a robust resistance level of \$2,200/t to close at \$2,218/t, marking a January high. Aluminium prices posted the third consecutive day of gains, close above \$2,200/t at \$2,208/t. With the traditional peak season approaching in September, we see smelter sentiment improve in the near term, supporting the price performance. Copper softened back into the support of \$8,400/t, while nickel continued to give up some of last week's gains, falling below \$20,500/t to \$20,289/t. Meanwhile, China cut rates on existing mortgages, marking one of the most concrete actions to boost the economy, although we believe it is unlikely to be enough to shore up growth. The move indicates the latest push from policymakers to encourage spending; however, prevailing low confidence levels are dampening consumer willingness to spend. While this is an incremental step forward for the Chinese economy, we do not yet see it as a game-changer.

Oil futures held steady as gold and silver softened slightly to \$1,940/oz and \$24.40/oz, respectively.

| | | | | | | | | Spreads | Conversion |
|-----------|-------|-------|-------|-----------|-------|--------|-----------|---------|------------|
| | Open | High | Low | 5pm Close | PDC | Volume | Total O.I | C-3M | USc/lb |
| Aluminium | 2202 | 2229 | 2200 | 2208 | 2201 | 22243 | 658516 | -42.00 | 100.22 |
| Copper | 8454 | 8476 | 8374 | 8422.5 | 8468 | 14968 | 279176 | -19.50 | 382.38 |
| Lead | 2179 | 2228 | 2176 | 2218 | 2171 | 9448 | 132483 | 28.40 | 100.65 |
| Nickel | 20600 | 20645 | 20305 | 20289 | 20635 | 2242 | 153385 | -202.00 | 922.16 |
| Tin | 25535 | 25740 | 25005 | 25396 | 25505 | 521 | 15190 | -295.00 | 1152.82 |
| Zinc | 2435 | 2456 | 2417 | 2430.5 | 2438 | 9454 | 197823 | -14.80 | 110.20 |
| | | | | Total: | | 58876 | 1436573 | | |

Official Prices

| | Cash | 3m | Dec Yr 1 | Dec Yr 2 | PD Cash | PD 3M | Monthly Avg | |
|-----------|--------|--------|----------|----------|----------|--------|-------------|-------------|
| | | | | | | | Cash | 3M |
| Aluminium | 2165.5 | 2204 | 2349.8 | 2481.3 | 2162.8 | 2201.5 | 2134.159091 | 2181.863636 |
| Copper | 8359.5 | 8380.5 | 8563.8 | 8615.8 | 8445.55 | 8472.5 | 8351.772727 | 8392.5 |
| Lead | 2213.5 | 2192 | 2234.4 | 2251.9 | 2196 | 2182.5 | 2151.727273 | 2148.386364 |
| Nickel | 20225 | 20350 | 21774 | 22836 | 20417.25 | 20631 | 20497.72727 | 20730.90909 |
| Tin | 25000 | 25110 | | | 25160 | 25475 | 25995.22727 | 26210.68182 |
| Zinc | 2412.5 | 2425.5 | 2463.5 | 2476.75 | 2417.25 | 2435 | 2401.022727 | 2404.545455 |

LME Stocks (tonnes)

| | Opening | In | Out | Net Change | Closing | C-warrants | Open Tonnage | Other Copper Markets | |
|-----------|---------|------|------|------------|---------|------------|--------------|----------------------|-------------|
| | | | | | | | | Last | % Change |
| Aluminium | 517375 | 250 | 1875 | -1625 | 515750 | 288550 | 227200 | Comex, USc/lb | |
| Copper | 99225 | 3675 | 0 | 3675 | 102900 | 250 | 102650 | SEP 23 | 378.5 -0.25 |
| Lead | 54675 | 475 | 50 | 425 | 55100 | 8000 | 47100 | DEC 23 | 384.4 0.13 |
| Nickel | 37206 | 12 | 24 | -12 | 37194 | 828 | 36366 | Shanghai, CNY/mt | |
| Tin | 6205 | 180 | 15 | 165 | 6370 | 105 | 6265 | 23-Sep | 69740 0.00 |
| Zinc | 147875 | 6325 | 225 | 6100 | 153975 | 31700 | 122275 | 23-Oct | 69480 0.00 |

Global Markets

| Global markets | | | Currencies | | Precious metals | | | Previous day's fix | |
|----------------|----------|-------|------------|----------|-----------------|------------|---------|--------------------|---------|
| Last | % Change | | Last | % Change | Last | % Change | AM | PM | |
| DAX | 15973 | 0.51 | GBP | 1.2659 | -0.4874 | Gold | 1940.05 | -0.1169 | 1938.35 |
| DJI | 34904 | 0.04 | JPY | 145.7100 | 0.3637 | Silver | 24.39 | -0.9141 | 2462 |
| S&P500 | 4525 | 0.22 | EUR | 1.0838 | -0.7782 | Gold Comex | 1966.5 | -0.329 | |
| SSE | 3120 | -0.55 | CNY | 7.2588 | 0.3885 | Platinum | 968.54 | -1.1543 | |
| Hg Seng | 18382 | -0.55 | AUD | 0.6464 | -0.1699 | Palladium | 1218.38 | -1.1897 | |
| Brent | 87 | 0.85 | CAD | 1.3550 | -0.1328 | | | | |

Source: Bloomberg
Updated: 31/08/2023 17:30

All price data is from 31.08.2023 as of 17:30

Risk warning

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