



Authors

Daria Efanova
Head of Research

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Daily Base Metals Report

Bets of a higher-for-longer interest rate environment caused the US stocks to strengthen today. The dollar breached the 104.50 level, now at March highs, and the 10-year US Treasury yield is back at 4.25%. As mentioned in our previous comments, we expect the greenback to continue appreciating as the "last man standing" among major economies. This is despite further tightening that is expected from other central banks. Further hikes are more likely to bring recessionary fears forward for developed nations, and we see this weighing on prospective currency pairs. Elsewhere, consumer inflation expectations in the euro area inched up in July, with the 12-month forward-looking forecast at 3.4%, with 3-year ahead at 2.4%, according to the ECB. Euro continued to weaken to July lows.

A day of moderate gains was seen across the base metals market today. Over the longer term, China is set to endure a period of moderate growth while it alleviates some of the debt-service constraints that are weighing on local governments. As of now, there is no quick fix for this issue. However, lower interest rates and easier borrowing conditions seem more likely to emerge in order to support economic growth. In the meantime, Country Garden has paid interest on its dollar bonds, avoiding the first default by a margin and bringing some respite into the property outlook for the economy. Copper remained above \$8,400/t as lead and zinc held on to their recent gains, closing at \$2,233.50/t and \$2,472.50/t, respectively. Aluminium was the only metal that softened during the day, given the scale of gains made last week; the metal closed at \$2,193/t.

Oil futures jumped higher after the news that Saudi Arabia and Russia are set to prolong the supply cuts: WTI and Brent strengthened to \$83/bl and \$90/bl, beating the YTD highs. Precious metals softened on the back of a stronger dollar, with gold and silver now trading at \$1,927/oz and \$23.71/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2201	2212	2181	2193	2201	14082	661389	-49.00	99.47
Copper	8450	8497	8376	8487	8450	17672	281417	-4.50	384.97
Lead	2209	2243	2193	2233.5	2202	8105	136580	63.00	101.31
Nickel	21025	21125	20870	21039	21020	2614	155939	-198.50	954.32
Tin	26275	26600	26020	26445	26300	563	15473	-222.00	1199.54
Zinc	2471	2496	2453	2472.5	2467	7048	199234	-18.54	112.15
Total:						50084	1450032		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2136.5	2188.5	2339.75	2467.75	2163.6	2212.5	2156.666667	2206.5	
Copper	8430	8430	8566.51	8611.51	8437.25	8452	8450.333333	8463.666667	
Lead	2274	2220	2240	2257.75	2263.75	2223	2272.833333	2235.333333	
Nickel	20800	20960	22174	23249	20842	21040	20608.333333	20811.666667	
Tin	26400	26420			26082	26372	25853.333333	26040	
Zinc	2456	2476	2508	2523	2462.49	2479.5	2456	2477.666667	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	506400	4975	4500	475	506875	276550	230325	Comex, USc/lb		
Copper	107425	0	25	-25	107400	225	107175	SEP 23	381.1	-0.04
Lead	55350	0	0	0	55350	7750	47600	DEC 23	384.9	-0.08
Nickel	37170	0	6	-6	37164	834	36330	Shanghai, CNY/mt		
Tin	6390	20	25	-5	6385	140	6245	23-Sep	69600	-0.54
Zinc	153575	0	2000	-2000	151575	60825	90750	23-Oct	69240	-0.69

Global Markets

Currencies			Precious Metals			Previous Day's Fix				
Last	% Change		Last	% Change	Last	% Change	AM	PM		
DAX	15772	-0.34	GBP	1.2579	-0.3644	Gold	1927.34	-0.7901	1942.05	1937.20
DJI	34743	-0.27	JPY	147.6300	-0.7857	Silver	23.56	-1.784		2403.5
S&P500	4511	-0.11	EUR	1.0731	-0.6021	Gold Comex	1952.8	-0.727		
SSE	3154	-0.71	CNY	7.3034	-0.3943	Platinum	931.62	-2.6856		
Hg Seng	18457	-2.06	AUD	0.6385	-1.1763	Palladium	1214.75	-0.9766		
Brent	90	1.66	CAD	1.3615	-0.1763					

Source: Bloomberg
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All price data is from 05.09.2023 as of 17:30

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