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Daily Base Metals Report

Risky assets, including US stocks, strengthened today ahead of the Fed's meeting, with the market pricing in a pause. While expectations of keeping rates unchanged materialised, policymakers that another hike might be needed before keeping rates higher for longer next year. After the last hike is priced in, we expect investors to start paying attention to macroeconomic indicators, especially those with a skew on the downside, to help drive the narrative for the timing and scale of cuts next year. The dollar continued to decline, while the 10yr US Treasury yield hovered above 4.30%. Elsewhere, the pound weakened after the inflation reading softened below expectations, with YoY growth of 6.7%, as core eased into 6.3%. This has brought the possibility of BOE's hikes down the curve significantly; at the time of writing, forward swaps are pricing tomorrow's meeting to result in a hike of 11bps.

China kept its benchmark rates unchanged, following fresh signs of economic and currency stabilisation in recent days. Aluminium, as one of the more macro-sensitive base metals, rallied, jumping back above \$2,250/t to \$2,256/t. From the fundamental standpoint, with the traditional peak season having started in September, we see smelter sentiment improve in the near term. The supply of aluminium increased thanks to continued recovery out of Yunnan, where operating capacity recovered to 5.55m mt. We expect supply out of the region to remain a key tailwind to the nation's production in the near term. Copper bounced back above \$8,300/t to close at \$8,345.50/t. Zinc's protracted buying pressure highlights price resilience above the \$2,500/t level; the metal closed at \$2,555.50/t.

Oil futures erased some of the earlier gains, with WTI and Brent softening back into \$91/bl and \$94/bl. Gold and silver jumped higher following the dollar softness.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2212	2259	2212	2256	2216	21630	636358	-42.00	102.15
Copper	8310	8384	8293	8345.5	8310	13398	260231	-55.15	378.55
Lead	2219	2235	2208	2214	2220	6140	146263	1.00	100.15
Nickel	19950	20200	19605	19593	20000	3439	157383	-247.75	890.18
Tin	26095	26345	25890	26132	26100	459	14932	-290.00	1184.34
Zinc	2493	2563	2480	2555.5	2489	10474	220793	-29.25	115.89
Total:						55540	1435960		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2202	2247	2378	2475.45	2174.5	2215.5	2160.607143	2205.571429	
Copper	8277	8336	8398.75	8463.75	8233.5	8292.5	8347.607143	8380.178571	
Lead	2237.5	2229.5	2222.75	2234.75	2233.5	2220	2275.142857	2231.785714	
Nickel	19635	19950	21024.25	22141	19671.25	19919	20051.42857	20258.21429	
Tin	25800	26075			25807	26106	25637.5	25842.85714	
Zinc	2511.5	2544	2595.45	2605.7	2467.5	2497.5	2469.107143	2495.607143	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	489825	0	3675	-3675	486150	248650	237500	Comex, USc/lb		
Copper	149600	6100	0	6100	155700	225	155475	SEP 23	371.4	-0.73
Lead	71050	2875	50	2825	73875	1800	72075	DEC 23	374.7	-0.85
Nickel	40500	546	6	540	41040	960	40080	Shanghai, CNY/mt		
Tin	6955	90	240	-150	6805	260	6545	23-Sep	68760	-0.32
Zinc	115350	0	3750	-3750	111600	30775	80825	23-Oct	68570	-0.33

Global Markets

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	15775	0.71	GBP	1.2392	0.0000	Gold	1943.44	0.6255	1935	1934.90
DJI	34709	0.55	JPY	147.6900	0.1151	Silver	23.51	1.3232		2333
S&P500	4450	0.14	EUR	1.0718	0.3652	Gold Comex	1964.5	0.553		
SSE	3109	-0.52	CNY	7.2848	0.1716	Platinum	937.58	-0.7169		
Hg Seng	17886	-0.62	AUD	0.6502	0.7437	Palladium	1278.08	1.1395		
Brent	94	-0.31	CAD	1.3410	0.2834					

Source: Bloomberg
Updated: 20/09/2023 17:30

All price data is from 20.09.2023 as of 17:30

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