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Daily Base Metals Report

US stocks rose on the back of a dovish shift from Fed officials. The policymakers are considering that the recent surge in Treasury yields will be enough to replace additional increases in key interest rates. Forward swaps are now forecasting an 8bps increase in December with a probability of 18% after a pause in November. The 10yr Treasury yield remained steady at 4.70%, and the dollar settled above 106.0. Conversely, the 2yr yield struggled to maintain its previous gains, falling by the most since the end of August, to 4.96%. In the meantime, US small-business optimism dropped to a four-month low of 90.8 in September, with owners citing a decline in conditions over the next six months due to a lack of credit availability.

In the Chinese equity space, there was a risk-on sentiment as hopes of economic stimulus from China improved economic growth prospects in the near future. The economy is considering increasing its budget deficit for 2023 as it plans to issue at least CNY1tr of sovereign debt for infrastructure spending. However, this did not help to boost the base metals complex as fresh concerns over property turmoil gripped markets, causing forwards to edge lower by the end of the day. Copper tested prices below the \$8,000/t support level but struggled to break below it, edging back to \$8,022.50/t. Aluminium remained stable at \$2,212.50/t. Lead and zinc relinquished their recent gains, trading at \$2,102/t and \$2,472/t, respectively.

The escalation of tensions in Israel remains a risk for oil markets; WTI and Brent remain high at \$85/bl and \$87/bl, respectively. Gold and silver were unable to break higher, trading at \$1,856/oz and \$21.80/oz at the time of writing.

All price data is from 10.10.2023 as of 17:30

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