



Authors

Daria Efanova
Head of Research

FRI 02 FEBRUARY 2024 00:10

Daily Base Metals Report

After yesterday's losses, US stocks opened higher today. The Federal Reserve's statement yesterday aligned with expectations, indicating that the federal funds rate would remain unchanged until further data confirms inflation is on a stable trajectory toward the 2% target. Jerome Powell, the Federal Reserve Chair, expressed increased confidence in inflation softening, noting the resilience of the US economy allows the Central Bank to avoid hasty monetary policy easing. Investors are now more confident that the first interest rate cuts will materialise in May, driving 10yr US Treasury yields lower to 3.88% level. Labour data released today showed a slight uptick in Continuing and Initial Jobless claims, yet these figures continue to hover at historically low levels. Additionally, the final S&P Global US Manufacturing PMI exceeded expectations at 50.7, indicating that US factory activity remains in the expansion phase despite the extended period of elevated borrowing costs. In the UK, the Bank of England maintained interest rates at 5.25%, attributing sustained price pressures to the ongoing shipping crisis in the Red Sea. The rerouting of major shipping companies' cargo vessels to South Africa has led to increased shipping costs, which are expected to impact consumer prices. Eurozone CPI data released today indicated a softer-than-anticipated easing in inflation, with the headline figure at 2.8% and the core figure at 3.3%.

Further macroeconomic robustness dampened base metals' sentiment today. As interest rates have now been confirmed to remain higher for longer, commodities felt the brunt of this decision. Still, today's softness has been marginal, bringing prices in line with their longer-term averages. This underscores the prevalence of the mean-reverting strategy being acted out in the base metals space despite the macro noise. Aluminium gave up gains made this week, falling back to test the \$2,251/t level. Copper struggled above the \$8,600/t level, falling back to \$8,534.50/t. Nickel remained within the recent range. Lead and zinc weakened, with the latter seeing a stronger downside back to \$2,478/t.

Falling Treasury yields pushed gold prices higher, with the yellow metal jumping to \$2,059/oz. At the same time, silver performance remained muted as the white metal's price remained mostly unchanged at \$23.13/oz. The weakening global economic outlook weighs on the industrial demand for silver, and we expect the metal to underperform gold in the coming months. Oil edged slightly higher today, with WTI and Brent crude at \$76.8/bl and \$81.39/bl, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2274	2277	2244	2247	2285	16077	710350	-38.00	102.01
Copper	8605	8605	8509	8534.5	8616	18154	282752	-105.00	387.05
Lead	2158	2160	2139	2151	2162	5354	150345	10.00	97.41
Nickel	16245	16320	16065	16230	16225	3301	196128	-246.00	738.68
Tin	26185	26185	25600	25803	26185	422	16813	-258.00	1170.51
Zinc	2529	2529	2466	2478	2528	12052	219511	-8.00	112.22
					Total:	55360	1575899		

	Official Prices						Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2212.5	2251	2516.92	2616.92	2241.35	2280	2212.5	2251
Copper	8437	8545	8737.5	8762.5	8500.5	8608.5	8437	8545
Lead	2162	2150	2204.5	2237.5	2166.96	2158.5	2162	2150
Nickel	15985	16235	17660	18390	16013	16269	15985	16235
Tin	25700	25960			26017	26233	25700	25960
Zinc	2478	2488.5	2580.85	2579.85	2517.85	2527.5	2478	2488.5

	LME Stocks (tonnes)							Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	537575	0	2000	-2000	535575	217000	318575	Comex, USc/lb		
Copper	146475	300	1350	-1050	145425	27525	117900	MAR 24	390.6	-0.13
Lead	114400	5925	0	5925	120325	17800	102525	MAY 24	393.1	-0.10
Nickel	71370	0	222	-222	71148	4656	66492	Shanghai, CNY/mt		
Tin	6605	0	110	-110	6495	1010	5485	23-Feb	69150	0.01
Zinc	199425	0	550	-550	198875	32600	166275	01-Mar	69420	0.23

Global Markets			Currencies			Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change		Last	% Change	AM	PM	
DAX	16833	-0.42	GBP	1.2719	0.2443	Gold	2063.69	1.1851	2037.9	2053.25
DJI	38244	0.25	JPY	146.0300	0.6095	Silver	23.18	0.9844		2309
S&P500	4860	0.30	EUR	1.0860	0.3882	Gold Comex	2081.2	0.668		
SSE	2771	-0.64	CNY	7.1783	-0.1310	Platinum	918.7	-0.3914		
Hg Seng	15566	0.52	AUD	0.6565	-0.0457	Palladium	973.36	-0.8718		
Brent	81	0.96	CAD	1.3388	0.3511					

Source: Bloomberg
Updated: 01/02/2024 17:30

All price data is from 01.02.2024 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).