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Daily Base Metals Report

US stocks wavered today, after a recent surge that saw the S&P 500 reach a new high of 5000. Investors are also anticipating inflationary revisions that are due tomorrow, which could lead to a reassessment of market pricing and potential changes in monetary policy. Meanwhile, there was some positive news on the job front, as initial jobless claims in the US fell for the first time in three weeks. This suggests that employers are holding on to their workforce, but creating fewer new positions. The dollar rose above 104.20, while the 10-year US Treasury yield remained unchanged.

Base metals experienced a mixed trading day. Despite China's inflationary reading exceeding expectations, deflationary pressures continued to persist, with the CPI falling at the fastest pace since 2009. This led to a drop in metals' prices at the start of the day, causing zinc to breach the strong support level of \$2,380/t. The sell-off accelerated, as a number of put options being exercised below this level, falling to the \$2,320/t support level. We believe that these levels are oversold, and we could see a correction in the coming days. Lead followed zinc's lead, falling below \$2,100/t, as stocks on the LME rose to November levels. Aluminium, on the other hand, experienced marginal moves, with technical indicators likely to drive momentum in the coming days.

Oil futures continued to rise, with WTI and Brent trading at \$75/bl and \$81/bl, respectively. Gold and silver prices remained unchanged.

All price data is from 08.02.2024 as of 17:30

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