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Daily Base Metals Report

Today saw another positive start for the US stock markets, driven by an upbeat mood after Nvidia's Q4 earnings in 2023 surpassed expectations. The Nasdaq rose 54 points, while the S&P 500 passed 5,100 for the first time in history. Regarding monetary policy, the markets continue to decrease their expectations of the first interest rate cut in the first half of the year. The forward swaps are currently pricing less than a 60% chance of a cut at the Fed's meeting in June. The dollar remained mostly flat at 103.98 while the 10-year US Treasury yield edged lower and stood at 4.3%. We expect these levels to hold until there is a clear sign of a possible start of monetary easing.

A mixed day of trading in the base metals market. Aluminium edged lower as the metal continued to fluctuate within the recent trading range, bounded by \$2,175/t; we expect prices to trade sideways in the near term. Copper also edged lower as the bull trend exhausted itself by the end of the week, struggling above \$8,600/t and edging below to \$8,560/t. Nickel finished the strongest week since last summer after the speculation of sanctions on Russian material brought the metal to close at \$17,515/t. Lead and zinc remained broadly unchanged.

The average correlation between gold's price and 10-year Treasury yield in the last 30 days has been the highest since September at -81%. As the 10-year US Treasury yield edged lower today, gold appreciated and stood at \$2,028/t. Meanwhile, silver edged slightly lower, trading at \$22.64/oz. Oil prices decreased today, with WTI and Brent Crude at \$76.8/bl and \$81.9/bl. The last few weeks have seen fluctuations in oil prices as the markets are caught between the bullish effects of reduced OPEC+ output and a bearish outlook due to declining consumption in weakening global markets.

All price data is from 23.02.2024 as of 17:30

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