



Authors

Daria Efanova
Head of Research

THU 04 APRIL 2024 00:10

Daily Base Metals Report

US stocks surged at the opening today, energized by the positive figures from the ADP Employment Report. This report, which serves as an early indicator of employment trends before the detailed monthly data is released on Friday, outperformed expectations with a significant increase in private sector job growth, reporting 184k new jobs compared to February's 140k. Investors are now looking forward to the unemployment data due on Friday, which will offer more clarity on the US labour market's status. A tight labour market could prompt the Federal Reserve to delay the onset of its easing cycle. In contrast, the Eurozone's Consumer Price Index (CPI) for March came in lower than anticipated at 2.4% YoY, a decrease from February's 2.6% YoY. The core inflation rate also dipped, moving from 3.1% YoY to 2.9% YoY. Furthermore, unemployment in the Eurozone saw a slight increase in February, reaching 6.5%. These figures suggest that the ECB might be the first to reduce interest rates, with forward swaps currently indicating nearly a 100% chance of an ECB cut versus a 60% likelihood of a Fed cut in June. Consequently, the USDEUR pair declined to 0.924, while the dollar index dipped to 104.36, and the yield on the 10yr US Treasury note crept up to 4.4%.

Metals rallied today, given continued risk-on appetite that gripped markets earlier this week. A notable surge in speculative activity on the LME, paired with expectations of relaxed monetary policy outlook in Europe, has propelled metal prices to their highest levels in several months. Despite this broader optimism, iron ore futures—a gauge for sentiment towards China's economy—saw a decline, suggesting that the renewed confidence may be spreading unevenly across global markets. The anticipation of monetary policy cutting cycle and ongoing geopolitical tensions are expected to further ease the pressure that has been felt by base metals in recent months. In particular, aluminium breached a key resistance level of \$2,400/t, closing at a high not seen since April 2023. Likewise, copper breached the recent high of \$9,164/t to \$9,262.50/t. Lead and zinc jumped higher as well to \$2,085/t and \$2,548/t, respectively.

Precious metals continued their upward trajectory, with gold climbing to \$2,283/oz and silver to \$26.75/oz. We expect the forthcoming months to be favourable for precious metals, given the potential onset of monetary easing by major central banks and the increasing uncertainty surrounding the outcome of the US elections. Oil prices also advanced amidst growing tensions in the Middle East, following the bombardment of Iran's consulate in Damascus. Both WTI and Brent Crude increased, trading at \$85.9/bl and \$89.8/bl, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2372	2437	2360	2429	2372	39747	659404	-40.00	110.11
Copper	9020	9277	8972	9262.5	9011	30061	312183	-110.00	419.37
Lead	2022	2089	2005	2082	2021	8660	154614	-31.31	94.73
Nickel	17050	17485	16855	17339	17025	5396	206026	-175.94	786.31
Tin	27785	28465	27750	28395	27765	509	19323	-56.00	1281.64
Zinc	2482	2560	2457	2548	2479	13509	242764	-47.99	115.53
Total:						97882	1594314		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2334	2380	2620.65	2707.65	2337.89	2380	2328.25	2371.5	
Copper	8932	9047	9270	9182.2	8888.06	8991	8926	9035.5	
Lead	2023	2050.5	2156.14	2182.14	1986.49	2020.5	2012	2042.75	
Nickel	16870	17080	18584.5	19309.5	16844.92	17030	16935	17090	
Tin	28025	28000			27868.01	27897	27935	27925	
Zinc	2430	2485	2619.74	2634.74	2431.05	2479.5	2433.5	2487	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	551400	0	10050	-10050	541350	214875	326475	Comex, USc/lb		
Copper	111925	1700	650	1050	112975	14200	98775	MAY 24	407.05 0.54	
Lead	273425	2500	0	2500	275925	10650	265275	JUL 24	410.1 0.53	
Nickel	77772	0	168	-168	77604	9132	68472	Shanghai, CNY/mt		
Tin	4585	50	200	-150	4435	465	3970	01-Apr	73520 0.82	
Zinc	270525	0	6325	-6325	264200	37400	226800	01-May	73620 0.71	

Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	18368	0.46	GBP	1.2636	0.4611	Gold	2286.26	0.2451	2264.55
DJI	39203	0.08	JPY	151.6900	-0.0857	Silver	26.74	2.3082	2565
S&P500	5219	0.25	EUR	1.0827	0.5292	Gold Comex	2306.6	1.087	
SSE	3069	-0.18	CNY	7.2332	-0.0083	Platinum	934.43	1.0227	
Hg Seng	16725	-1.22	AUD	0.6557	0.5983	Palladium	1021.65	1.5123	
Brent	90	0.78	CAD	1.3531	0.2661				

Source: Bloomberg
Updated: 03/04/2024 17:30

All price data is from 03.04.2024 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).