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Daily Base Metals Report

US stocks started the day on a positive note, kicking off a week filled with critical economic events. All eyes are on the Federal Reserve's interest rate statement this Wednesday, which is eagerly anticipated given recent data on CPI and PCE that highlight ongoing inflationary trends. This statement is expected to shed light on the Fed's plans for initiating monetary easing, which is expected to start in November. Investors are particularly keen to hear Fed Chairman Jerome Powell's perspective on the recent disappointing US economic figures and persistent inflation. The 10-year US Treasury yield dipped slightly today to 4.6%, signalling investor caution. Meanwhile, the dollar index experienced some volatility, briefly falling below the 106 level. In other news, there is growing speculation about a potential intervention by the Bank of Japan (BoJ) or its Ministry of Finance to support the weakening Japanese Yen. This speculation comes as the USD/JPY pair dropped sharply from 160.17 to 154.50, reflecting a 3.50% strengthening of the Yen against the dollar.

While moves across the complex started the week on a subdued note, all eyes are on copper, which breached the \$10,000/t level, as talks surrounding the lack of material globally are driving the bigger trend. The move on the upside was orderly as prices continued to grind on the upside. This is also supported by a lack of apparent market tightness: copper cash to 3-month spread is in deep contango at -\$100/t, and stocks are barely changed. With the upcoming holiday season in China, we remain cautious about potential volatility, given a lack of liquidity during the period. In the meantime, copper closed at \$10,135.50/t. The rest of the complex remains supported by the upward trend seen in copper; aluminium edged higher to once again test the \$2,600/t level. Lead and zinc remain at the higher end of the trading ranges, with a notable upside seen in zinc to \$2,943.50/t.

Gold prices held steady at \$2,336/oz, and silver remained mostly unchanged at \$27.25/oz. Conversely, oil prices saw a decrease, with WTI dropping to \$82.6/bl and Brent crude to \$88.2/bl, as the markets continue to adjust to ongoing economic developments and expectations around global monetary policies.

All price data is from 22.04.2024 as of 17:30

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