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Daily Base Metals Report

US stocks fluctuated today as investors anticipated the Federal Reserve's forthcoming statement to discern the timing of potential monetary easing. Current market expectations, as indicated by forward swaps, suggest an 80% likelihood of the first interest rate cut occurring in November. However, given that the presidential elections are scheduled for the same month, which typically introduces additional market volatility, we expect that the Fed may opt to adjust its policy earlier, possibly in September. The dollar maintained a steady position at 106.2, while the 10-year US Treasury yield saw a slight reduction to 4.65%. In the UK, the property market showed signs of cooling, with house prices falling by 0.4% MoM in April, marking the second consecutive month of declines. Nationwide reported that the average house price in April stood at £261,962, approximately 4% below the peak levels.

Another day of moderate softness was seen across the base metals complex, supported in large by continued weakness in copper prices. While copper held below the \$10,000/t level, the trend support, which closed at \$9,895.50/t, is still holding firmly, suggesting that recent days' downside might be a slight pause in the market. Aluminium remained unchanged at \$2,577.50/t; however, the recent COT data highlight that speculative net positions have increased to hit the highest bullish appetite since May 2022 – the time when the first potential impact of sanction on Russian material was discussed. Lead and zinc weakened to \$2,180/t and \$2,881/t, respectively.

Gold prices rebounded today, crossing back above the \$2,300/oz mark, while silver prices remained steady at \$26.4/oz. Meanwhile, oil prices continued their downward trend, with WTI dropping to \$79.7/bl and Brent to \$84.1/bl, reflecting ongoing adjustments in the commodities markets in response to global economic cues and policy expectations.

All price data is from 01.05.2024 as of 17:30

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