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Daily Base Metals Report

US stocks opened higher today, boosted by a significant decline in 10-year US Treasury yields following data indicating some softening in the labour market. The ADP Employment Change, which estimates monthly changes in non-farm private employment based on payroll data, came in lower than expected for June, showing 150k new jobs added compared to the expected 165k. Additionally, last week's jobless claims were higher than anticipated, with initial claims reaching 238k—the highest level since January. The data was interpreted as a sign of weakness in the labour market, leading investors to increase their expectations for the first Fed interest rate cut in September. Forward swaps are now pricing in more than an 80% chance of a 25bps rate cut at the start of Q4. The dollar index plunged, trading at 105.1, while the 10-year US Treasury yield dropped to 4.34%.

Stronger gains were seen across the base metals complex today. While the upbeat mood drove this morning's upside, a weaker dollar further supported the appetite for higher prices later in the day. We believe the dollar was oversold today, possibly exaggerating the market response to weaker US economic readings. We expect the currency to increase slightly in the near term, reaching above 105.40. For the rest of the week, a greater focus will be paid to performance outside the US, particularly in the UK and France. As a result, if the positive sentiment among base metals continues tomorrow, we expect only a marginal price increase. As a result, copper strengthened to \$9868/t, as aluminium tested the resistance at \$2 550/t. The rest of the complex followed suit: lead and zinc edged higher, as nickel defended the \$17,000/t level.

As the dollar and Treasury yields declined, precious metals appreciated today. Gold surpassed the 50-day moving average, trading at \$2,364/oz, while silver jumped above \$30/oz, reaching \$30.6/oz. Oil softened slightly, with WTI and Brent crude at \$82.5/bbl and \$86.0/bbl, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads C-3M	Conversion USc/lb
Aluminium	2516	2562	2515	2548	2516	15464	638184	-49.01	115.62
Copper	9672	9913	9647	9868	9661	23716	326449	-147.81	447.95
Lead	2201	2229	2198	2222	2202	5307	140232	-43.65	100.83
Nickel	17005	17600	17005	17323	17075	6216	205902	-261.71	787.22
Tin	32825	33480	32615	33363	32885	654	19746	-203.00	1512.75
Zinc	2925	3006	2920	2991	2919	10077	232790	-60.36	135.78
					Total:	61434	1663303		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2487	2536.5	2691.77	2754.77	2475.78	2522.5	2491	2533.333333	
Copper	9623	9769	10084.71	10096.71	9527.16	9672.5	9562.166667	9708.333333	
Lead	2171	2210.5	2284.21	2298.21	2158.77	2202.5	2184.666667	2222.166667	
Nickel	17110	17365	18431.49	19176.49	16740.92	17004	17171.666667	17420	
Tin	33100	33275			32672.67	32922	32946.666667	33158.333333	
Zinc	2915	2976	3016.96	2834.96	2863.87	2922.5	2900	2961.333333	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	1014925	0	5100	-5100	1009825	543425	466400	Comex, USc/lb		
Copper	184475	2000	25	1975	186450	17075	169375	JUL 24	0.07	
Lead	226075	0	3200	-3200	222875	23000	199875	SEP 24	0.02	
Nickel	95502	510	18	492	95994	5676	90318	Shanghai, CNY/mt		
Tin	4725	0	150	-150	4575	215	4360	01-Jul	0.41	
Zinc	259775	0	750	-750	259025	42825	216200	01-Aug	0.47	

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	18375	1.16	GBP	1.2761	0.5991	Gold	2360.41	1.3286	2329	2331.75
DJI	39287	-0.11	JPY	161.4800	-0.0248	Silver	30.54	3.4419		2931
S&P500	5525	0.29	EUR	1.0797	0.4839	Gold Comex	2369.8	1.560		
SSE	2982	-0.49	CNY	7.2701	0.0151	Platinum	1001.92	0.2692		
Hg Seng	17979	1.18	AUD	0.6716	0.7350	Palladium	1027.09	1.0935		
Brent	86	0.10	CAD	1.3630	0.3595					

Source: Bloomberg
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All price data is from 03.07.2024 as of 17:30

Risk warning

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