



Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Research Associate

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Daily Base Metals Report

US stocks opened higher today. The focus is firmly on the upcoming Fed meeting. Markets are currently pricing in a 30% chance of a 50bps rate cut, though we expect a more cautious 25bps move, as a larger cut might be seen as premature. The dollar index edged higher, nearing 101.6, while the 10-year US Treasury yield dipped slightly, sitting just above 3.71%. The broader market remains cautious as China's core inflation cooled to its lowest level in over three years, intensifying deflationary concerns and raising doubts about the region's economic recovery. This slowdown is weighing heavily on global demand, particularly for energy and metal commodities, adding to the uncertainty in the markets.

China's key inflation metric has cooled to its weakest level in over three years, signalling a slowdown in the region's economic performance. Deflationary pressures are becoming more prominent, which is weakening market confidence in the region's recovery and muting the overall demand picture. However, the LME base metals complex showed little reaction to this news. Instead, copper opened on the front foot following the stock inflow cancellations, and aluminium hesitated below the \$2,350/t level. The metals closed at \$9,097/t and \$2,350.50/t, respectively. There is a growing dislocation between metals' performance and macroeconomic fundamentals, indicating that the complex is trading basis mean-reversion strategy as there is no significant incentive from the physical space. We expect metals to trade sideways this week.

Precious metals saw mixed movements, with gold hovering around the \$2,500/oz mark as uncertainty surrounding the Fed's next move persists. Silver, however, rose to \$28.2/oz. Oil prices remained flat, with WTI at \$68.3/bbl and Brent crude at \$71.6/bbl.

| | Open | High | Low | 5pm Close | PDC | Volume | Total O.I | Spreads | Conversion |
|-----------|-------|-------|-------|-----------|---------------|--------------|----------------|---------|------------|
| | | | | | | | | C-3M | USc/lb |
| Aluminium | 2345 | 2362 | 2327 | 2350.5 | 2342 | 18970 | 611103 | -23.00 | 106.91 |
| Copper | 8972 | 9149 | 8941 | 9097 | 8954 | 15831 | 279437 | -125.00 | 412.57 |
| Lead | 1966 | 1979 | 1946 | 1953 | 1970 | 6054 | 146618 | -39.75 | 88.75 |
| Nickel | 15940 | 16055 | 15825 | 15903 | 15860 | 4858 | 208111 | -245.82 | 722.81 |
| Tin | 31000 | 31265 | 30470 | 30818 | 30840 | 388 | 18871 | -138.90 | 1402.75 |
| Zinc | 2701 | 2756 | 2690 | 2731 | 2705 | 11729 | 232327 | -46.50 | 123.90 |
| | | | | | Total: | 57830 | 1496467 | | |

| Official Prices | | | | | | | Monthly Avg | | |
|-----------------|--------|--------|------------|-------------|----------|--------|-------------|-------------|--|
| | Cash | 3m | Dec Yr 1 | Dec Yr 2 | PD Cash | PD 3M | Cash | 3M | |
| Aluminium | 2318 | 2333.5 | 2459.1 | 2510 | 2321.27 | 2342 | 2365.333333 | 2385.416667 | |
| Copper | 8989.5 | 9115 | 9247.16016 | 9336.160156 | 8875.52 | 8996 | 8939.666667 | 9063.416667 | |
| Lead | 1915 | 1953.5 | 2058.82 | 2100.82 | 1923.25 | 1963 | 1976.666667 | 2013.75 | |
| Nickel | 15655 | 15895 | 16715.2305 | 17390.23047 | 15637.1 | 15893 | 16002.5 | 16217.5 | |
| Tin | 31050 | 31005 | | | 30960.46 | 31024 | 30870.83333 | 30835 | |
| Zinc | 2682 | 2734 | 2742.32 | 2658.82 | 2667.98 | 2717.5 | 2724.25 | 2777.833333 | |

| LME Stocks (tonnes) | | | | | | | | Other Copper Markets | | |
|---------------------|---------|------|------|------------|---------|------------|--------------|----------------------|--------------|--|
| | Opening | In | Out | Net Change | Closing | C-warrants | Open Tonnage | Last | % Change | |
| Aluminium | 833425 | 4925 | 3500 | 1425 | 834850 | 484625 | 350225 | Comex, USc/lb | | |
| Copper | 317575 | 500 | 1625 | -1125 | 316450 | 36825 | 279625 | SEP 24 | 401.45 -1.55 | |
| Lead | 177525 | 0 | 525 | -525 | 177000 | 14225 | 162775 | DEC 24 | 407.35 -1.55 | |
| Nickel | 121716 | 18 | 78 | -60 | 121656 | 9666 | 111990 | Shanghai, CNY/mt | | |
| Tin | 4685 | 0 | 0 | 0 | 4685 | 750 | 3935 | 01-Sep | 72080 -0.62 | |
| Zinc | 238375 | 0 | 1825 | -1825 | 236550 | 27925 | 208625 | 01-Oct | 72120 -0.65 | |

| Global Markets | | | Currencies | | Precious Metals | | | Previous Day's Fix | |
|----------------|----------|-------|------------|----------|-----------------|------------|---------|--------------------|--------|
| Last | % Change | | Last | % Change | Last | % Change | AM | PM | |
| DAX | 18431 | 0.71 | GBP | 1.3083 | -0.3504 | Gold | 2498.41 | 0.04 | 2517.7 |
| DJI | 40888 | 1.35 | JPY | 142.8700 | -0.3990 | Silver | 28.22 | 1.0356 | 2884 |
| S&P500 | 5451 | 0.79 | EUR | 1.1042 | -0.3789 | Gold Comex | 2527.5 | 0.115 | |
| SSE | 2736 | -1.06 | CNY | 7.1136 | -0.2193 | Platinum | 940.4 | 1.6967 | |
| Hg Seng | 17197 | -1.42 | AUD | 0.6661 | -0.1499 | Palladium | 939.63 | 2.5741 | |
| Brent | 71 | 0.51 | CAD | 1.3564 | 0.0664 | | | | |

Source: Bloomberg
Updated: 09/09/2024 17:30

All price data is from 09.09.2024 as of 17:30

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