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Daily Base Metals Report

US stocks rose after the inflationary data reinforced the market belief of a Fed pause into the year-end. US CPI came in slightly below market expectations while advancing from the previous month to 3.2% y/y, while core measures softened slightly to 4.7% y/y. US jobless claims rose to 248,000 in the week ending August 5th. As a result, a combination of cooling inflation alongside a gradual decline in labour market tightness puts the US on a path to end the sharp tightening cycles this year and take the impact of higher-for-longer interest rates. Forward swaps are now pricing in a pause in the September meeting; however, we expect that market perception will fluctuate ahead of the meeting on the back of new data releases. The dollar weakened slightly but remained above 102, and the 10yr US Treasury yield held above 4.0%.

Little momentum was seen across the base metals market today, with support levels continuing to hold firm. Aluminium retested the \$2,195/t level, support that has held firm for more than a month, before settling slightly higher at \$2,203/t. Likewise, copper once again rejected prices below \$8,400/t for most of the day but broke this level later to trade at \$8,381/t. Downside momentum in nickel trading is slowing down as the level at \$20,500/t is proving to be the next robust support level. Lead opened higher on the day but struggled to hold on to these gains, closing lower on the day at \$2,136.50/t; zinc remained broadly unchanged at \$2,457/t.

WTI and Brent have lost some ground following yesterday's gains, edging back to \$83/bl and \$86/bl. Gold and silver were volatile but remained broadly unchanged by the end of the day at \$1,913/oz and \$22.70/oz, respectively.

All price data is from 10.08.2023 as of 17:30

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