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Daily Base Metals Report

US stocks edged higher today ahead of a data-filled week. In particular, labour releases, PCE and GDP are also expected to remain strong, highlighting softening yet robust economic performance. Meanwhile, Powell's comments last week were slightly more hawkish, raising the expectation for a higher-for-longer interest rate narrative. Still, we do not expect to see another hike take place this year unless strong data suggests otherwise, and the September pause is now fully priced in. The dollar remained robust above 103.50 despite later weakness, while the 10yr US Treasury yield is now at 4.13%. We expect that the bond market will lead the way in the coming months without a need for a strong narrative to drive performance. The path of global economic slowdown is becoming more apparent, and with further easing in inflationary pressures, we expect the mood to sour going into Q4 2023.

Broadly positive momentum was seen across the base metals today, trading mostly rangebound, in line with last week's performance. Only zinc continually traces higher, closing above \$2,400/t at \$2,440/t. Aluminium retested the support level of \$2,150/t before bouncing back up to \$2,168.50/t; copper fluctuated around \$8,400/t. Lead was seen piercing the \$2,150/t support level before closing higher at \$2,191.50/t, with a longer lower wick suggesting that a downside appetite is building below the robust support level. Nickel's trading remained lacklustre. Last week's volatility was lower ahead of the long weekend, creating low market risk for this week. Chinese officials pledged on Monday to strengthen policy support and speed up government spending. The Chinese economy continued to soften, with forecasters trimming their growth expectations. China has already cut policy twice this year, and regulators took steps to ease property restrictions; now, the focus has shifted to broad support measures. Despite souring Chinese outlook, negative news seems to make little difference to the price narrative, and we expect the market to trace sideways into early September, when the volatility usually picks up.

Gold and silver jumped higher after dollar weakness in the latter half of the day, strengthening into \$1,936/oz and \$24.77/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2152	2180	2152	2168.5		14464	669481	#N/A N/A	98.45
Copper	8381	8455	8363	8448.5		14261	281332	#N/A N/A	383.02
Lead	2159	2195	2132	2191.5		9923	127076	#N/A N/A	99.34
Nickel	20725	20825	20450	20683		2134	152900	#N/A N/A	938.27
Tin	25390	25620	25035	25395		455	14915	-256.00	1152.14
Zinc	2400	2448	2394	2440		10630	202598	-11.50	110.81
						51867	1448302		

Official Prices							Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2116.5	2160	2321	2457.25			2132.275	2180.875
Copper	8375	8396	8445.25	8499.25			8349.25	8390.975
Lead	2175	2154	2208.26	2226.51			2145.175	2143.475
Nickel	20355	20600	21921	23021			20524.5	20763.75
Tin	24800	25060					26097.25	26310
Zinc	2420	2429	2475.5	2486.25			2399.225	2401.525

LME Stocks (tonnes)								Other Copper Markets	
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	526175	0	2150	-2150	524025	293450	230575	Comex, USc/lb	
Copper	97525	200	75	125	97650	275	97375	SEP 23	375.6 -0.16
Lead	54575	300	0	300	54875	7650	47225	DEC 23	379.2 0.21
Nickel	36936	0	0	0	36936	876	36060	Shanghai, CNY/mt	
Tin	6185	40	10	30	6215	100	6115	23-Sep	69320 0.00
Zinc	149350	0	325	-325	149025	28925	120100	23-Oct	69090 0.00

Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	15931	0.88	GBP	1.2612	0.0794	Gold	1936.51	0.851	1917.85
DJI	34746	0.54	JPY	146.0300	0.3492	Silver	24.76	2.1878	1915.50
S&P500	4485	1.16	EUR	1.0850	0.2865	Gold Comex	1964.5	0.909	2418.5
SSE	3136	1.20	CNY	7.2806	0.1140	Platinum	981.93	1.0684	
Hg Seng	18484	1.95	AUD	0.6458	0.4511	Palladium	1248.86	-0.0896	
Brent	85	0.38	CAD	1.3588	0.0810				

Source: Bloomberg
Updated: 29/08/2023 17:30

All price data is from 29.08.2023 as of 17:30

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