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Daily Base Metals Report

US stocks have fluctuated once again after another data-heavy day; markets are now bracing for the nonfarm payrolls tomorrow, which should round up labour market performance for August. Trading volumes remain thin, given the traditional seasonality. The Fed's core gauge of inflation came in line with market expectations, growing by 4.2% y/y and 0.2% m/m in July, with the latter marking the smallest monthly increase since late-2020, once again highlighting moderate but slowing price growth. Data on consumer spending indicated a growth of 0.8% despite slower personal income. This is likely to solidify market expectations of a pause from the Fed for the remainder of Q3. The dollar strengthened while the 10-year US Treasury yield continued to soften back to 4.0%. Elsewhere, euro area inflation figures pointed to a stop in a slowdown in price declines that we have seen for the majority of this year, growing by 5.3% y/y, driven mostly by energy rises. Still, expectations of a hike later on in the year have cooled, and we suspect this to be partially due to a softer probability of a hike from the Fed.

Mixed performance was seen across the base metals market, with lead breaking above a robust resistance level of \$2,200/t to close at \$2,218/t, marking a January high. Aluminium prices posted the third consecutive day of gains, close above \$2,200/t at \$2,208/t. With the traditional peak season approaching in September, we see smelter sentiment improve in the near term, supporting the price performance. Copper softened back into the support of \$8,400/t, while nickel continued to give up some of last week's gains, falling below \$20,500/t to \$20,289/t. Meanwhile, China cut rates on existing mortgages, marking one of the most concrete actions to boost the economy, although we believe it is unlikely to be enough to shore up growth. The move indicates the latest push from policymakers to encourage spending; however, prevailing low confidence levels are dampening consumer willingness to spend. While this is an incremental step forward for the Chinese economy, we do not yet see it as a game-changer.

Oil futures held steady as gold and silver softened slightly to \$1,940/oz and \$24.40/oz, respectively.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2202	2229	2200	2208	2201	22243	658516	-42.00	100.22
Copper	8454	8476	8374	8422.5	8468	14968	279176	-19.50	382.38
Lead	2179	2228	2176	2218	2171	9448	132483	28.40	100.65
Nickel	20600	20645	20305	20289	20635	2242	153385	-202.00	922.16
Tin	25535	25740	25005	25396	25505	521	15190	-295.00	1152.82
Zinc	2435	2456	2417	2430.5	2438	9454	197823	-14.80	110.20
				Total:		58876	1436573		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2		PD Cash	PD 3M	Cash	3M
Aluminium	2165.5	2204	2349.8	2481.3		2162.8	2201.5	2134.159091	2181.863636
Copper	8359.5	8380.5	8563.8	8615.8		8445.55	8472.5	8351.772727	8392.5
Lead	2213.5	2192	2234.4	2251.9		2196	2182.5	2151.727273	2148.386364
Nickel	20225	20350	21774	22836		20417.25	20631	20497.72727	20730.90909
Tin	25000	25110				25160	25475	25995.22727	26210.68182
Zinc	2412.5	2425.5	2463.5	2476.75		2417.25	2435	2401.022727	2404.545455

LME Stocks (tonnes)							Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	517375	250	1875	-1625	515750	288550	227200	Comex, USc/lb	
Copper	99225	3675	0	3675	102900	250	102650	SEP 23	378.5 -0.25
Lead	54675	475	50	425	55100	8000	47100	DEC 23	384.4 0.13
Nickel	37206	12	24	-12	37194	828	36366	Shanghai, CNY/mt	
Tin	6205	180	15	165	6370	105	6265	23-Sep	69740 0.00
Zinc	147875	6325	225	6100	153975	31700	122275	23-Oct	69480 0.00

Global Markets			Currencies			Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change		Last	% Change		AM	PM
DAX	15973	0.51	GBP	1.2659	-0.4874	Gold	1940.05	-0.1169	1938.35	1947.55
DJI	34904	0.04	JPY	145.7100	0.3637	Silver	24.39	-0.9141		2462
S&P500	4525	0.22	EUR	1.0838	-0.7782	Gold Comex	1966.5	-0.329		
SSE	3120	-0.55	CNY	7.2588	0.3885	Platinum	968.54	-1.1543		
Hg Seng	18382	-0.55	AUD	0.6464	-0.1699	Palladium	1218.38	-1.1897		
Brent	87	0.85	CAD	1.3550	-0.1328					

Source: Bloomberg
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All price data is from 31.08.2023 as of 17:30

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