

Authors

Daria Efanova
Head of Research

WED 06 SEPTEMBER 2023 00:10

Daily Base Metals Report

Bets of a higher-for-longer interest rate environment caused the US stocks to strengthen today. The dollar breached the 104.50 level, now at March highs, and the 10-year US Treasury yield is back at 4.25%. As mentioned in our previous comments, we expect the greenback to continue appreciating as the "last man standing" among major economies. This is despite further tightening that is expected from other central banks. Further hikes are more likely to bring recessionary fears forward for developed nations, and we see this weighing on prospective currency pairs. Elsewhere, consumer inflation expectations in the euro area inched up in July, with the 12-month forward-looking forecast at 3.4%, with 3-year ahead at 2.4%, according to the ECB. Euro continued to weaken to July lows.

A day of moderate gains was seen across the base metals market today. Over the longer term, China is set to endure a period of moderate growth while it alleviates some of the debt-service constraints that are weighing on local governments. As of now, there is no quick fix for this issue. However, lower interest rates and easier borrowing conditions seem more likely to emerge in order to support economic growth. In the meantime, Country Garden has paid interest on its dollar bonds, avoiding the first default by a margin and bringing some respite into the property outlook for the economy. Copper remained above \$8,400/t as lead and zinc held on to their recent gains, closing at \$2,233.50/t and \$2,472.50/t, respectively. Aluminium was the only metal that softened during the day, given the scale of gains made last week; the metal closed at \$2,193/t.

Oil futures jumped higher after the news that Saudi Arabia and Russia are set to prolong the supply cuts: WTI and Brent strengthened to \$83/bl and \$90/bl, beating the YTD highs. Precious metals softened on the back of a stronger dollar, with gold and silver now trading at \$1,927/oz and \$23.71/oz, respectively.

| | Open | High | Low | 5pm Close | PDC | Volume | Total O.I | Spreads | Conversion | |
|---------------------|------------------|--------|----------|------------|----------|-----------------|--------------|----------------------|-------------|----------|
| Aluminium | 2201 | 2212 | 2181 | 2193 | 2201 | 14082 | 661389 | -49.00 | 99.47 | |
| Copper | 8450 | 8497 | 8376 | 8487 | 8450 | 17672 | 281417 | -4.50 | 384.97 | |
| Lead | 2209 | 2243 | 2193 | 2233.5 | 2202 | 8105 | 136580 | 63.00 | 101.31 | |
| Nickel | 21025 | 21125 | 20870 | 21039 | 21020 | 2614 | 155939 | -198.50 | 954.32 | |
| Tin | 26275 | 26600 | 26020 | 26445 | 26300 | 563 | 15473 | -222.00 | 1199.54 | |
| Zinc | 2471 | 2496 | 2453 | 2472.5 | 2467 | 7048 | 199234 | -18.54 | 112.15 | |
| | | | | Total: | | 50084 | 1450032 | | | |
| Official Prices | | | | | | | | Monthly Avg | | |
| | Cash | 3m | Dec Yr 1 | Dec Yr 2 | PD Cash | PD 3M | | Cash | 3M | |
| Aluminium | 2136.5 | 2188.5 | 2339.75 | 2467.75 | 2163.6 | 2212.5 | | 2156.666667 | 2206.5 | |
| Copper | 8430 | 8430 | 8566.51 | 8611.51 | 8437.25 | 8452 | | 8450.333333 | 8463.666667 | |
| Lead | 2274 | 2220 | 2240 | 2257.75 | 2263.75 | 2223 | | 2272.833333 | 2235.333333 | |
| Nickel | 20800 | 20960 | 22174 | 23249 | 20842 | 21040 | | 20608.33333 | 20811.66667 | |
| Tin | 26400 | 26420 | | | 26082 | 26372 | | 25853.33333 | 26040 | |
| Zinc | 2456 | 2476 | 2508 | 2523 | 2462.49 | 2479.5 | | 2456 | 2477.666667 | |
| LME Stocks (tonnes) | | | | | | | | Other Copper Markets | | |
| | Opening | In | Out | Net Change | Closing | C-warrants | Open Tonnage | | Last | % Change |
| Aluminium | 506400 | 4975 | 4500 | 475 | 506875 | 276550 | 230325 | Comex, USc/lb | | |
| Copper | 107425 | 0 | 25 | -25 | 107400 | 225 | 107175 | SEP 23 | 381.1 | -0.04 |
| Lead | 55350 | 0 | 0 | 0 | 55350 | 7750 | 47600 | DEC 23 | 384.9 | -0.08 |
| Nickel | 37170 | 0 | 6 | -6 | 37164 | 834 | 36330 | Shanghai, CNY/mt | | |
| Tin | 6390 | 20 | 25 | -5 | 6385 | 140 | 6245 | 23-Sep | 69600 | -0.54 |
| Zinc | 153575 | 0 | 2000 | -2000 | 151575 | 60825 | 90750 | 23-Oct | 69240 | -0.69 |
| Global Markets | | | | Currencies | | Precious Metals | | Previous Day's Fix | | |
| Last | % Change | | | Last | % Change | | Last | % Change | AM | PM |
| DAX | 15772 | -0.34 | GBP | 1.2579 | -0.3644 | Gold | 1927.34 | -0.7901 | 1942.05 | 1937.20 |
| DJI | 34743 | -0.27 | JPY | 147.6300 | -0.7857 | Silver | 23.56 | -1.784 | | 2403.5 |
| S&P500 | 4511 | -0.11 | EUR | 1.0731 | -0.6021 | Gold Comex | 1952.8 | -0.727 | | |
| SSE | 3154 | -0.71 | CNY | 7.3034 | -0.3943 | Platinum | 931.62 | -2.6856 | | |
| Hg Seng | 18457 | -2.06 | AUD | 0.6385 | -1.1763 | Palladium | 1214.75 | -0.9766 | | |
| Brent | 90 | 1.66 | CAD | 1.3615 | -0.1763 | | | | | |
| Source: | Bloomberg | | | | | | | | | |
| Updated: | 05/09/2023 17:30 | | | | | | | | | |

All price data is from 05.09.2023 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).