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Daily Base Metals Report

US stocks edged higher on Monday given the economic data released this week. The upcoming batch of UK labour data will be key for the BOE's interest rate decision by the end of the month. As we mentioned last week, it is the labour data robustness that is keeping the probability of further hikes elevated, as the CPI continues to soften. Moreover, US core CPI reading is expected to have softened to 4.3% y/y in August, further solidifying the case for a rate pause. While we do not expect inflation to approach its target in the near term, continued softness in pricing pressures should start to up the probability of a cut from the Fed next year; the timing and scale of the decline will be key in driving the dollar outlook next year. From the ECB perspective, market is split between whether a hike will materialise, with 9bps being priced in by forward swaps. Given that the ECB remains behind the curve, we anticipate one more hike of 25bps before a pause in this tightening cycle. The dollar is edging back to 104.50.

Base metals jumped higher today, supported by a combination of dollar softness and yuan strength today. Offshore yuan rallied after the PBoC escalated its defence on the currency move. Moreover, strong credit data today pointed to improving demand, and CPI re-accelerated in August, suggesting easing deflationary pressures, albeit by the tinniest margin. The question remains to what level this momentum can be sustained. We are still of the view that the cumulative impacts of policy support and an easier monetary policy will create a solid base for Chinese growth to recover. Q4 performance should be marginally positive as a result. Aluminium closed back above \$2,200/t at \$2,205.50/t, while copper offset the last couple of days of losses, gaining footing above \$8,400/t to close at \$8,402/t. Zinc prices oscillated today, but managed to close above a robust resistance level of \$2,500/t at \$2,509.50/t. All the other metals held their ground.

Oil futures cooled slightly today, and precious metals gained momentum on the back of dollar weakness, with gold and silver trading at \$1,923/oz and \$23.00/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2185	2210	2184	2205.5	2181	13231	660568	-43.50	100.06
Copper	8238	8432	8235	8402	8230	18234	284018	-20.11	381.13
Lead	2228	2252	2215	2249	2227	5954	140961	56.50	101.79
Nickel	20050	20555	19960	20485	20050	2027	157695	-232.00	921.94
Tin	25225	25910	25200	25803	25500	204	15572	-265.00	1170.28
Zinc	2438	2537	2431	2509.5	2440	9287	205555	-24.50	113.83
				Total:		48937	1464369		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2154	2195	2328.5	2451.5	2142.69	2183.5	2149.928571	2197.357143	
Copper	8332.5	8360	8329.2	8389.2	8229	8242.5	8363.714286	8382.142857	
Lead	2314	2245	2242.15	2257.15	2285.89	2227.5	2286.357143	2233.357143	
Nickel	20050	20260	21212	22312	19820	20052	20351.42857	20550	
Tin	25550	25775			25345	25573	25752.85714	25938.57143	
Zinc	2437.5	2465	2539.5	2554.5	2420.88	2443.5	2439.357143	2462.714286	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	499475	0	3600	-3600	495875	267400	228475	Comex, USc/lb		
Copper	134125	400	0	400	134525	300	134225	SEP 23	368.05	-1.22
Lead	52975	500	925	-425	52550	4175	48375	DEC 23	371.65	-1.21
Nickel	37980	300	0	300	38280	876	37404	Shanghai, CNY/mt		
Tin	6815	75	5	70	6885	475	6410	23-Sep	69050	-0.12
Zinc	143425	0	1650	-1650	141775	53325	88450	23-Oct	68710	-0.19

Global Markets

Global Markets			Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change		Last	% Change	AM	PM	
DAX	15806	0.39	GBP	1.2527	0.4732	Gold	1923.39	0.2246	1925.55	1927.80
DJI	34592	0.04	JPY	146.4700	0.9285	Silver	23.01	0.366		2301
S&P500	4475	0.39	EUR	1.0742	0.3925	Gold Comex	1946.5	0.196		
SSE	3143	0.84	CNY	7.2893	0.7490	Platinum	900.24	0.406		
Hg Seng	18096	-0.58	AUD	0.6431	0.8626	Palladium	1206.5	0.6062		
Brent	91	-0.15	CAD	1.3597	0.3162					

Source: Bloomberg
Updated: 11/09/2023 17:30

All price data is from 11.09.2023 as of 17:30

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