

Authors

Daria Efanova
Head of Research

WED 18 JANUARY 2023 00:10

Daily Base Metals Report

US stocks reopened today on the back foot following another round of corporate earnings releases, which will drive the sentiment across the equity markets this week. S&P 500 fell for the first time in four sessions, the dollar wavered between gains and losses and the 10yr US Treasury yield settled above 3.50%. All eyes are set on the Davos forum, where markets will be listening in to the clues regarding the global economic outlook. Several Fed officials, as well as ECB President Lagarde, are scheduled to appear this week. Meanwhile, the ECB policymakers are said to consider the option of slower-paced hikes in the next meetings. The markets are currently pricing in 50bps for the next meeting in February, but a March forecast is now seen declining from 50bps.

Meanwhile, the Chinese Vice Premier underscored the cautious optimism outlook given the economy's reopening measures earlier this month. Chinese data releases pointed to better-than-expected GDP figures, growing by 2.9%, which is still lower than the previous quarter's readings of 3.9% y/y. Likewise, both industrial production and retail sales exceeded expectations; however, the latter continued to decline year-on-year, at -1.8%, as the consumer sector faces the biggest hurdle to recover in the coming months. The sentiment, however, remained lacklustre across the base metals group today. Aluminium saw another day of moderate gains, but resistance at \$2,630/t seems to have formed in the meantime; the metal settled at \$2,618.50/t. Copper jumped above \$9,200/t in the latter half of the day, offsetting yesterday's losses, to close at \$9,287/t; cash to 3-month spread also jumped higher to -\$9.00/t, the tightness not seen since the end of last year. Lead and zinc closed marginally unchanged at \$2,224.50/t and \$3,295/t, respectively. Iron ore futures continued to edge higher, after hitting the support level of \$120/mt, despite the government's pleas to control the price moves.

Oil futures responded better to China's economic data, with WTI and Brent trading at \$80/bl and \$85/bl, respectively. All precious metals were seen lower today; gold and silver weakened to \$1,912/oz and \$23.96/oz, respectively.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2608	2620	2584	2618.5	2606	15047	552408	-26.00	118.66
Copper	9114	9279	9026	9287	9100	16747	257674	-7.50	420.35
Lead	2211	2240	2211	2224.5	2206	3242	119012	14.50	100.68
Nickel	27015	27395	26700	26690	27400	1219	133958	-194.00	1220.18
Tin	28620	28620	27950	28416	28355	261	14519	-85.00	1287.54
Zinc	3280	3305	3263	3295	3280	4672	200403	17.75	149.60
				Total:		41188	1277974		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2562.5	2587	2761	2836	2595.25	2621	2400.727273	2432.454545	
Copper	9114	9124	9036.75	8963.75	9088.19	9104.5	8754.090909	8775	
Lead	2241	2224	2241.45	2231.45	2249	2218	2255.772727	2222.272727	
Nickel	26750	26950	28730	29628	27027	27217	27950	28156.81818	
Tin	28100	28075			28413	28466	26425.45455	26514.54545	
Zinc	3286	3275.5	3071	2857	3323.5	3304.5	3153.818182	3133.636364	

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	399650	0	4500	-4500	395150	205025	190125	Comex, USc/lb		
Copper	83600	0	275	-275	83325	26000	57325	MAR 23	407.75	1.27
Lead	21525	0	0	0	21525	11400	10125	MAY 23	407.9	1.23
Nickel	53268	96	726	-630	52638	7794	44844	Shanghai, CNY/mt		
Tin	2975	0	80	-80	2895	185	2710	23-Jan	67450	1.46
Zinc	20500	0	500	-500	20000	9350	10650	23-Feb	67390	1.32

Global Markets

Global Markets			Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM		
DAX	15178	0.29	GBP	1.2259	0.5330	Gold	1912.10	-0.2046	1915.1	1917.00
DJI	33956	-1.01	JPY	128.1500	0.3355	Silver	23.96	-1.1973		2417
S&P500	3992	-0.17	EUR	1.0788	-0.3142	Gold Comex	1914.7	-0.364		
SSE	3224	-0.10	CNY	6.7733	-0.5182	Platinum	1044.67	-2.0349		
Hq Seng	21578	-0.78	AUD	0.6983	0.4026	Palladium	1738.55	-1.1485		
Brent	86	1.59	RUB	118.6895	1.4433					

Source: Bloomberg
Updated: 17/01/2023 16:46

All price data is from 17.01.2023 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).