

Authors

Daria Efanova
Head of Research

WED 25 JANUARY 2023 00:10

Daily Base Metals Report

US stocks opened today on the back foot following the release of another batch of corporate earnings results and preliminary purchasing managers' index data. Both the manufacturing and the service sectors outperformed previous months' levels and, in turn, market forecasts, underscoring the resilience of both the manufacturing and consumer segments. Likewise, a similar improvement was seen in Europe, with the service industry tipping into the expansionary territory for the first time since July. This has further reaffirmed the central banks' hawkish stance in the coming months. In particular, Christine Lagarde reiterated the central bank's resolve for further robust tightening in the next couple of months, underlying the speculation of a 50bps hike in February and 50bps in March. The dollar index edged lower, and the euro saw its recent gains stall against the greenback. The 10yr US Treasury yield held at 3.50%.

Sentiment improved slightly in the latter half of the day across the base metals, supported in part by better-than-expected US manufacturing and service sectors. We have seen exaggerated moves from nickel and lead, rallying higher by more than 4.0% on the day as a result. Nickel broke above the \$29,000/t level but struggled to remain above that level, settling higher at \$28,782/t; cash to 3-month continued to ease further into contango at -\$215/t. Lead jumped back above \$2,100/t, offsetting nearly two days of losses; the metal ended up closing higher at \$2,126/t. Other metals have also benefitted from better-than-expected US data, but the moves have been marginal. Aluminium remained broadly unchanged at \$2,650.50/t. Zinc fluctuated but closed slightly higher on the day at \$3,429/t.

Oil futures weakened today, with WTI and Brent falling down to \$80/bl and \$86/bl. Precious metals bounced back from the earlier dip; gold and silver remained broadly unchanged, as a result, at \$1,931/oz and \$23.60/oz, respectively.

								Spreads	Conversion
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb
Aluminium	2630	2661	2623	2650.5	2631	9776	542434	-30.75	120.02
Copper	9356	9402	9261	9314.5	9354	8423	253286	-23.49	422.39
Lead	2060	2139	2055	2126	2049	4840	112619	-5.40	96.66
Nickel	28620	29340	27910	28782	28500	1573	133360	-221.00	1313.39
Tin	29695	29995	29430	29960	29590	132	13906	-60.00	1357.84
Zinc	3415	3440	3367	3429	3416	5305	203365	18.25	155.22
				Total:		30049	1258970		

Official Prices								Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M		Cash	3M
Aluminium	2594.5	2627	2790.5	2867.25	2605.3	2636.5		2459.875	2490.65625
Copper	9308	9335	9235.5	9135.5	9330.77	9356		8925.09375	8943.15625
Lead	2063	2068	2151	2141	2049	2055		2219.03125	2195.375
Nickel	28110	28525	30349	31199	27895	28110		27971.5625	28203.75
Tin	29950	29950			29475	29503		27319.0625	27388.75
Zinc	3420.5	3402	3201.5	2962.5	3439.75	3420.5		3236.3125	3217.5

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage		Last	% Change
Aluminium	375950	7575	1975	5600	381550	186900	194650	Comex, USc/lb		
Copper	78300	850	1000	-150	78150	28700	49450	MAR 23	425.15	0.47
Lead	20250	0	0	0	20250	3300	16950	MAY 23	425.75	0.46
Nickel	50838	0	168	-168	50670	6504	44166	Shanghai, CNY/mt		
Tin	2945	0	0	0	2945	390	2555	23-Feb	0	0.00
Zinc	18625	0	0	0	18625	8550	10075	23-Mar	0	0.00

Global Markets										Previous Day's Fix
Last	% Change			Last	% Change		Last	% Change	AM	PM
DAX	15093	-0.07	GBP	1.2332	-0.3797	Gold	1933.34	0.1191	1927.2	1914.85
DJI	33633	0.01	JPY	130.0500	0.4767	Silver	23.63	0.7528		2367.5
S&P500	4013	-0.16	EUR	1.0875	0.0276	Gold Comex	1951	0.288		
SSE	3265	0.76	CNY	6.7845	-0.1327	Platinum	1058.99	0.7516		
Hg Seng	22045	1.82	AUD	0.7041	0.1707	Palladium	1745.6	2.0222		
Brent	87	-1.68	RUB	118.6895	1.4433					

Source: Bloomberg
Updated: 24/01/2023 17:14

All price data is from 24.01.2023 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).