

Authors

Daria Efanova
Head of Research

TUE 20 FEBRUARY 2024 00:10

Daily Base Metals Report

Today marked the first trading day for Chinese markets following the Lunar New Year celebrations while US stock markets remained closed in observance of Washington's Birthday. Market trends continue to be dominated by a reassessment of the likelihood of interest rate reductions, especially in the US, where the economy appears to be on solid footing. Last week's strong Consumer Price Index (CPI) reading led to adjustments in market expectations, eliminating the forecast for a 10-basis-point policy easing—a sharp contrast to the outlook in December. The dollar has dipped to a level of 104.2, but the yields on 10-year US Treasuries remain high at approximately 4.3%. The upcoming preliminary Global S&P Manufacturing PMI figures are expected to provide greater insight into manufacturing activities across key economies, while the Eurozone CPI data will assist investors in gauging the timing for potential monetary policy relaxation.

Today witnessed a downturn in the base metals sector. Copper experienced a slight drop yet stayed high at \$8,430/t. Aluminium, on the other hand, hit this month's lowest point, trading at \$2,194/t. Lead reversed its gains from Friday, settling at \$2,038.5/t. Tin saw the most significant decline, falling to \$26,430/t. Zinc stood out as the sole metal to see an increase in value, trading near \$2,400/t.

Gold prices nudged upwards to \$2015/oz, whereas silver relinquished its gains from Friday, stabilizing at \$22.9/oz. The performance of precious metals remains constrained by high Treasury yields, as market sentiment solidifies around the expectation that interest rates will remain elevated for an extended period. In the oil sector, volatility spiked following an attack on a Belize-flagged cargo ship by Houthi forces, pushing prices of WTI and Brent Crude up to \$79.6/oz and \$83.6/oz, respectively. Still, we expect the anticipated surplus in oil for 2024 to continue to exert downward pressure on oil prices going forward.

All price data is from 19.02.2024 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).