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# Daily Base Metals Report

US stock markets opened on a positive note today, buoyed by inflation data for January that suggested easing price pressures in line with forecasts. This information is crucial for the Federal Reserve as it weighs the possibility of reducing interest rates. The primary PCE price index showed a decrease to 2.4% YoY in January, a slight drop from the 2.6% YoY noted in the prior month. Meanwhile, the core PCE index, which strips out the more volatile food and energy sectors, dipped to 2.8% YoY, down from 2.9% YoY in December. Although both the headline and core inflation figures exceed the Federal Reserve's annual target of 2%, the core inflation rate hit its lowest yearly level since February 2021. While the headline inflation rate is the official metric used by the Fed, the core rate is often given more consideration as it is viewed as a more accurate predictor of long-term inflation trends. The anticipated nature of the data led to a subdued market reaction, with 10-year Treasury yields stable at 4.27% and the dollar index unmoved at 103.70. Elsewhere, the EU-harmonised inflation rate in Germany decreased to 2.7% YoY in February from 3.1% YoY in January, indicating a continuing decline in Eurozone inflation. We expect inflation to remain sticky in the coming months as price pressures are influenced by a mix of deflationary forces from weaker demand and potential inflationary pressures from less advantageous base effects.

A mixed trading day was seen across the base metals today, as inflationary readings came in line with expectations, providing little macroeconomic incentive out of current ranges. Aluminium breached the \$2,200/t level prior to the announcement, and subsequent upside appetite prompted futures to strengthen to \$2,228/t. Meanwhile, copper held firm, struggling above \$8,500/t once again today. Nickel defended the \$17,500/t level once again today, jumping to \$17,896/t. However, we believe that this level is above nickel's fundamental value and recent gains remain technically driven, meaning that they might not last over the longer term.

Precious metals gained momentum in the latter half of the day, with gold jumping higher, testing at the \$2,050/oz level, and silver appreciating to \$22.73/oz. Softer inflation reading reminds investors that interest rates will be lowered eventually, raising the attractiveness of non-yielding assets. Oil remained mostly unchanged, with WTI and Brent crude trading at \$78.23/bl and \$83.52/bl, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2194	2231	2186	2228	2191	21577	690116	-42.50	100.97
Copper	8459	8520	8449	8493.5	8455	15763	290239	-91.99	384.92
Lead	2085	2090	2060	2059	2087	5056	148596	5.34	93.65
Nickel	17650	17935	17585	17896	17695	6830	193854	-226.50	810.80
Tin	26520	26665	26355	26556	26590	473	18950	-191.40	1202.71
Zinc	2412	2439	2404	2426	2416	8808	238893	-44.00	110.00
					<b>Total:</b>	<b>58507</b>	<b>1580648</b>		

	Official Prices						Monthly Avg	
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2163	2207	2405.75	2496.75	2145.6	2190.5	2182.547619	2218.238095
Copper	8389	8475	8530	8510	8354.75	8448.5	8310.738095	8409.404762
Lead	2067	2066	2138.01	2171.01	2088.34	2083	2084.238095	2077.333333
Nickel	17435	17725	19260	20000	17366	17601	16307.61905	16577.85714
Tin	26375	26530			26370	26561	26156.66667	26389.7619
Zinc	2382	2422	2482.24	2502.24	2369.25	2414.5	2364.452381	2391.904762

	LME Stocks (tonnes)							Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	591675	0	2025	-2025	589650	199575	390075	Comex, USc/lb		
Copper	124825	200	2350	-2150	122675	16975	105700	MAR 24	382.75	-0.01
Lead	169875	12775	1425	11350	181225	14925	166300	MAY 24	384.05	-0.26
Nickel	69330	3372	72	3300	72630	4080	68550	Shanghai, CNY/mt		
Tin	5945	15	50	-35	5910	1165	4745	23-Mar	68740	-0.09
Zinc	268050	8150	100	8050	276100	41725	234375	01-Apr	68790	-0.12

	Global Markets		Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	AM	PM		
DAX	17707	0.60	GBP	1.2640	-0.1737	Gold	2045.08	0.5176	2025.25	2032.45
DJI	38918	-0.08	JPY	149.7700	0.6143	Silver	22.57	0.484		2234.5
S&P500	5084	0.27	EUR	1.0811	-0.2491	Gold Comex	2053.4	0.524		
SSE	3015	1.94	CNY	7.1886	0.1308	Platinum	879.59	-0.0818		
Hg Seng	16511	-0.15	AUD	0.6505	0.1385	Palladium	936.36	0.7673		
Brent	84	0.06	CAD	1.3568	0.0663					

Source: Bloomberg  
Updated: 29/02/2024 17:30

All price data is from 29.02.2024 as of 17:30

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