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Daily Base Metals Report

US stocks opened lower today after economic data revealed a larger-than-expected drop in new orders for US-manufactured goods in January, primarily due to a decrease in bookings for commercial aircraft. Factory orders fell by 3.6% YoY, in contrast to a 0.3% YoY decline in December. Despite this, overall private sector activity remains strong, with the final Composite PMI reading for February revised up to 52.5, indicating continued expansion. As markets anticipate the first signs of monetary easing, any data suggesting a weaker economic performance heightens investor expectations for the Federal Reserve's initial interest rate cut in June, leading to lower US Treasury yields. Forward swaps are now pricing in a 90% chance of a 25bps reduction in June, resulting in the 10-year US Treasury yield falling to 4.14% and the dollar index dipping below 103.7.

Base metals softened today despite a weaker dollar after traders assessed China's 2024 economic goals. Despite a broad growth target of 5% and a plan to issue 1 trillion yuan in ultra-long special government bonds, investors appeared unimpressed by additional government support. Indeed, today's Caixin composite data revealed no change on a month-on-month basis at 52.5. This underscores the lack of immediate recovery in the economy's key segment performance, which could support upward momentum for base metals. As a result, aluminium and copper edged slightly lower to \$2,228.50/t and \$8,491.50/t, respectively. Similar moves were seen in lead and zinc as they held their ground. Nickel remained elevated at \$17,759/t.

Precious metals have become a key indicator of investor sentiment regarding the Federal Reserve's monetary policy direction. The growing anticipation of an interest rate cut in June has provided a boost to gold, which tested a record high of \$2,133/oz today before setting lower at \$2,125/oz. While momentum for gold is building, bullion's performance will likely be capped until there is a clear sign of monetary easing. Silver, following gold's lead, increased to \$23.95/oz. Meanwhile, oil prices remained within their recent trading range, with WTI and Brent at \$78.8/bl and \$82.6/bl, respectively.

| | Open | High | Low | 5pm Close | PDC | Volume | Total O.I | Spreads | Conversion |
|---------------|-------|-------|-------|-----------|-------|--------------|----------------|---------|------------|
| | | | | | | | | C-3M | USc/lb |
| Aluminium | 2237 | 2242 | 2223 | 2228.5 | 2238 | 14316 | 681814 | -41.31 | 101.11 |
| Copper | 8523 | 8549 | 8489 | 8491.5 | 8525 | 13646 | 283981 | -89.00 | 385.53 |
| Lead | 2052 | 2052 | 2031 | 2046.5 | 2056 | 4469 | 150287 | -15.95 | 92.58 |
| Nickel | 17890 | 17970 | 17665 | 17759 | 17900 | 5389 | 201079 | -233.25 | 804.23 |
| Tin | 26760 | 26880 | 26545 | 26824 | 26755 | 641 | 19019 | -143.50 | 1215.41 |
| Zinc | 2442 | 2474 | 2434 | 2455 | 2449 | 10977 | 232256 | -44.17 | 111.38 |
| Total: | | | | | | 49438 | 1568436 | | |

| Official Prices | | | | | | | Monthly Avg | | |
|-----------------|--------|-------|----------|----------|---------|--------|-------------|-------------|--|
| | Cash | 3m | Dec Yr 1 | Dec Yr 2 | PD Cash | PD 3M | Cash | 3M | |
| Aluminium | 2191.5 | 2234 | 2445.73 | 2539.73 | 2193.33 | 2234 | 2185.833333 | 2227.333333 | |
| Copper | 8429.5 | 8523 | 8616 | 8586 | 8455.91 | 8542.5 | 8420.166667 | 8510.666667 | |
| Lead | 2023 | 2038 | 2111.75 | 2144.75 | 2036.55 | 2052.5 | 2034.5 | 2046.666667 | |
| Nickel | 17600 | 17870 | 19130 | 19890 | 17713.5 | 17945 | 17450 | 17715 | |
| Tin | 26500 | 26700 | | | 26705 | 26833 | 26416.66667 | 26641.66667 | |
| Zinc | 2418 | 2457 | 2510.15 | 2530.15 | 2404.83 | 2449 | 2391.166667 | 2434.333333 | |

| LME Stocks (tonnes) | | | | | | | Other Copper Markets | | | |
|---------------------|---------|------|------|------------|---------|------------|----------------------|------------------|--------------|--|
| | Opening | In | Out | Net Change | Closing | C-warrants | Open Tonnage | Last | % Change | |
| Aluminium | 586600 | 0 | 2900 | -2900 | 583700 | 230725 | 352975 | Comex, USc/lb | | |
| Copper | 116775 | 0 | 2700 | -2700 | 114075 | 11050 | 103025 | MAR 24 | 382.75 -0.01 | |
| Lead | 183100 | 5625 | 975 | 4650 | 187750 | 10175 | 177575 | MAY 24 | 384.05 -0.26 | |
| Nickel | 73992 | 0 | 48 | -48 | 73944 | 3978 | 69966 | Shanghai, CNY/mt | | |
| Tin | 5640 | 0 | 65 | -65 | 5575 | 1030 | 4545 | 23-Mar | 68740 -0.09 | |
| Zinc | 275800 | 0 | 650 | -650 | 275150 | 44100 | 231050 | 01-Apr | 68790 -0.12 | |

| Global Markets | | Currencies | | Precious Metals | | | Previous Day's Fix | | |
|----------------|----------|------------|------|-----------------|---------|------------|--------------------|---------|---------|
| Last | % Change | | Last | % Change | Last | % Change | AM | PM | |
| DAX | 17691 | -0.14 | GBP | 1.2715 | 0.1812 | Gold | 2126.64 | 0.5751 | 2083.15 |
| DJI | 38734 | -0.66 | JPY | 150.1800 | 0.2331 | Silver | 23.76 | -0.5128 | 2310 |
| S&P500 | 5089 | -0.81 | EUR | 1.0861 | 0.0461 | Gold Comex | 2135 | 0.409 | |
| SSE | 3048 | 0.28 | CNY | 7.1965 | 0.0333 | Platinum | 882.47 | -1.854 | |
| Hg Seng | 16163 | -2.61 | AUD | 0.6507 | -0.0461 | Palladium | 936.43 | -2.9164 | |
| Brent | 83 | -0.17 | CAD | 1.3574 | 0.0000 | | | | |

Source: Bloomberg
Updated: 05/03/2024 17:30

All price data is from 05.03.2024 as of 17:30

Risk warning

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