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Daily Base Metals Report

US stocks opened higher today, with all three major indices reaching record levels, fuelled by growing optimism about a potential shift in the Federal Reserve's monetary policy. This sentiment was sparked by yesterday's speech from the Fed Chair, marking the first occasion Powell mentioned that interest rate cuts are likely to appear this year. Despite maintaining a cautious tone and emphasising the significance of aligning inflationary data with expectations, the equities surged. However, the statement did not significantly impact the dollar index or the 10-year US Treasury yields, which rebounded to yesterday's levels, hovering at 104 and 4.28%, respectively. The US economy continues to exhibit remarkable resilience, bolstered by a strong labour and consumer market, which enables the Fed to resist immediate interest rate reductions. The S&P Global Manufacturing PMI rose from 52.2 in February to 52.5 in March, indicating a positive trajectory in manufacturing performance. Inflationary pressures, however, appear to be intensifying, with input costs rising at the fastest pace in six months. Firms responded by significantly increasing their selling prices, the most substantial rise since April of the previous year, suggesting the Fed's battle with inflation may not be over. In contrast, the UK saw a slight increase in factory activity in March, nearing the threshold of expansion at 49.9. Meanwhile, the Eurozone economy continued to diverge from its Anglophone counterparts, with manufacturing activity dropping to 45.7 as France and Germany's downturns overshadowed slight improvements in the rest of the Eurozone.

Yesterday and today's monetary policy statements had little bearing on base metals moves, with prices trading in narrow ranges. Aluminium is the only exception, as it broke above the robust resistance of \$2,270/t completely, testing the \$2,300/t level; if this resistance is breached, this could provide new support for prices to edge higher in the near term. Still, we do not expect a major narrative change in aluminium in the meantime. Copper was once again defending the \$8,920/t support level but struggling above the \$9,000/t level, closing at \$8,950.50/t. Lead continued to soften into \$2,050.50/t, while zinc remained unchanged at \$2,524.50/t.

Precious metals reacted most strongly to the Fed's mention of potential interest rate cuts, with gold reaching record highs before retreating to \$2,174/oz. Silver followed a similar pattern, peaking at \$25.8/oz before settling at \$24.73/oz. Oil prices maintained a downward trend, with WTI trading at \$80.7/bl and Brent crude dropping to \$85.4/bl.

| | Open | High | Low | 5pm Close | PDC | Volume | Total O.I | Spreads | Conversion |
|-----------|-------|-------|-------|---------------|-------|--------------|----------------|---------|------------|
| | | | | | | | | C-3M | USc/lb |
| Aluminium | 2290 | 2314 | 2286 | 2301.5 | 2284 | 30593 | 652321 | -47.66 | 104.46 |
| Copper | 9004 | 9091 | 8919 | 8950.5 | 8990 | 27131 | 313844 | -116.00 | 406.31 |
| Lead | 2072 | 2083 | 2049 | 2050.5 | 2070 | 8325 | 148280 | -43.60 | 93.12 |
| Nickel | 17570 | 17685 | 17460 | 17541 | 17570 | 4522 | 198072 | -204.28 | 794.70 |
| Tin | 27445 | 28030 | 27445 | 27872 | 27350 | 610 | 19008 | -205.60 | 1265.31 |
| Zinc | 2518 | 2572 | 2518 | 2524.5 | 2523 | 10116 | 223239 | -42.88 | 114.53 |
| | | | | Total: | | 81297 | 1554764 | | |

| Official Prices | | | | | | | Monthly Avg | |
|-----------------|--------|-------|----------|----------|---------|--------|-------------|-------------|
| | Cash | 3m | Dec Yr 1 | Dec Yr 2 | PD Cash | PD 3M | Cash | 3M |
| Aluminium | 2264 | 2312 | 2509.79 | 2599.79 | 2223.49 | 2273 | 2209.966667 | 2256.7 |
| Copper | 8873.5 | 8988 | 9142 | 9034.69 | 8818.84 | 8928 | 8655.833333 | 8754.866667 |
| Lead | 2031 | 2073 | 2113.5 | 2139.5 | 2013.32 | 2064 | 2082.533333 | 2098.233333 |
| Nickel | 17430 | 17625 | 18826 | 19546 | 17289.5 | 17492 | 17680.33333 | 17929 |
| Tin | 27700 | 27800 | | | 26989 | 27230 | 27428.66667 | 27585.33333 |
| Zinc | 2501 | 2547 | 2575.73 | 2590.73 | 2463.81 | 2508.5 | 2478.666667 | 2519.833333 |

| LME Stocks (tonnes) | | | | | | | Other Copper Markets | | |
|---------------------|---------|------|------|------------|---------|------------|----------------------|------------------|--------------|
| | Opening | In | Out | Net Change | Closing | C-warrants | Open Tonnage | Last | % Change |
| Aluminium | 566325 | 0 | 2275 | -2275 | 564050 | 221100 | 342950 | Comex, USc/lb | |
| Copper | 112325 | 0 | 1000 | -1000 | 111325 | 20200 | 91125 | MAR 24 | 403.85 -0.49 |
| Lead | 267075 | 700 | 0 | 700 | 267775 | 4350 | 263425 | MAY 24 | 405.15 -0.56 |
| Nickel | 77754 | 0 | 114 | -114 | 77640 | 4506 | 73134 | Shanghai, CNY/mt | |
| Tin | 5125 | 0 | 145 | -145 | 4980 | 900 | 4080 | 01-Apr | 72850 0.43 |
| Zinc | 270525 | 4275 | 1875 | 2400 | 272925 | 57850 | 215075 | 01-May | 72870 0.34 |

| Global Markets | Currencies | | | Precious Metals | | | Previous Day's Fix | | |
|----------------|------------|-------|------|-----------------|---------|------------|--------------------|---------|----------------|
| Last | % Change | | Last | % Change | Last | % Change | AM | PM | |
| DAX | 18179 | 0.91 | GBP | 1.2667 | -0.9230 | Gold | 2181.23 | -0.236 | 2153.4 2157.45 |
| DJI | 39853 | 0.86 | JPY | 151.6700 | -0.2703 | Silver | 24.83 | -2.943 | 2485.5 |
| S&P500 | 5258 | 0.64 | EUR | 1.0864 | -0.5310 | Gold Comex | 2205.1 | 1.040 | |
| SSE | 3077 | -0.08 | CNY | 7.1995 | -0.0222 | Platinum | 910.7 | 0.1022 | |
| Hg Seng | 16863 | 1.93 | AUD | 0.6572 | -0.2126 | Palladium | 1013.1 | -1.1089 | |
| Brent | 85 | -0.54 | CAD | 1.3528 | -0.2661 | | | | |

Source: Bloomberg
Updated: 21/03/2024 17:30

All price data is from 21.03.2024 as of 17:30

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