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Daily Base Metals Report

US stocks opened higher today, propelled by labour market figures that revealed an unexpectedly high count of jobless claims. This development has fuelled speculation among investors about the possibility of the Federal Reserve implementing an interest rate reduction as early as June. The weekly jobless claims unexpectedly surged to 221,000, the highest figure since January, leading to an initial drop in the 10-year Treasury yield. However, it quickly rebounded, settling at 4.35%. Meanwhile, the US dollar experienced further decline, approaching the 104.0 level. In Europe, the HCOB Eurozone Services PMI exceeded forecasts, registering at 51.5 and bringing the composite index to 50.3. This marks the first expansion in Eurozone private sector activity since June of the previous year, signalling a potential uptick in economic momentum.

Base metals' appetite calmed following yesterday's rally as markets digested Powell's notes surrounding the monetary policy outlook. Policymakers reiterated that interest rate cuts are still likely to happen this year; however, the start of the cycle is likely to be postponed. Metals that breached multi-month highs – aluminium and copper - edged lower today, struggling to break above the robust resistance levels without further impetus. This prompted prices to trade at \$2,444.5/t and \$9,349/t, respectively. Lead and zinc, on the other hand, continued to gain further momentum despite any indication of physical tightness. Most likely, the metals are catching up with aluminium and copper, strengthening to test robust resistance levels. At the time of writing, lead and zinc traded at \$2,135/t and \$2,645.5/t, respectively.

After a period of strong performance, precious metals experienced a slight pullback, with gold trading at \$2,291/oz and silver at \$27.1/oz. Despite the recent retracement and the overbought conditions signalling a potential further decline in gold prices this April, the outlook for precious metals remains positive. The anticipated central bank interest rate cuts and the uncertainties surrounding the US election results are expected to provide support for these assets in the forthcoming months. Oil prices, which had been on the rise due to market anxieties following the attack on the Iranian consulate in Damascus, began to show signs of easing, with WTI and Brent crude trading at \$85.0/bl and \$89.11/bl, respectively. This shift suggests that the initial fear-driven market reaction might be subsiding, leading to a stabilization in oil prices.

All price data is from 22.04.2024 as of 17:30

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