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Daily Base Metals Report

US stocks opened higher today in anticipation of the Beige Book report, which will provide insights into the economic conditions of the world's largest economy. Published two weeks before the Federal Open Market Committee (FOMC) meeting, this report is a crucial tool for market participants forecasting the Federal Reserve's monetary policy moves. Recent Consumer Price Index (CPI) figures, which exceeded expectations, have prompted investors to adjust their forecasts for the onset of monetary easing, which is now potentially delayed until September. After a period of strong gains, the dollar index has softened, currently trading at 106.23, and the 10-year US Treasury yield has decreased to 4.6%. In the UK, CPI inflation for March eased to 3.2% from 3.4%, and the core rate dropped to 4.2% from 4.5%. This marks the first time in two years that the UK's rate of price increases has fallen below that of the US. However, the figures were still higher than expected, diminishing the likelihood that the Bank of England (BoE) will reduce interest rates ahead of the Fed. Investors are now anticipating the first interest rate cut in September, with forward swaps pricing in a 93% chance of a 25bps reduction at the start of the fourth quarter of 2024. The pound strengthened against the dollar, rising by 0.4% to \$1.2475.

Base metals improved slightly today, in part due to an announcement from the US with President Biden calling for higher tariffs on Chinese steel and aluminium. The US aluminium market has struggled in the last 20 years as domestic production has declined in favour of Chinese imports. However, this year, despite multiple smelter closures, there has been a move to revive the industry by building the first smelter in 45 years. Still, the move failed to bring aluminium prices significantly higher, as they struggled above the \$2,600/t level. Copper once again was supported by the \$9,400/t level, closing at \$9,582.50/t. Zinc jumped higher back to \$2,839/t.

Precious metals experienced another day of strong growth, with gold reaching a record high of \$2,391/oz. Silver recovered from yesterday's losses, climbing back to \$28.7/oz. Meanwhile, oil prices softened, with WTI and Brent trading at \$84.6/bl and \$89.1/bl, respectively.

All price data is from 17.04.2024 as of 17:30

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