

Authors

Daria Efanova
Head of Research

SAT 01 JUNE 2024 00:10

Daily Base Metals Report

US stocks fluctuated today. April's Personal Consumption Expenditures (PCE) index, the Fed's preferred inflation gauge, rose 2.7% YoY, matching the advance from February, indicating persistent inflationary pressures. The data aligned with expectations, leading investors—who have grown accustomed to inflationary pressures exceeding forecasts—to increase their bets on the first interest rate cut in September. Forward swaps are now pricing in more than a 60% chance of this cut. Following the release, the 10-year US Treasury yield plunged below 4.5%, while the dollar traded at 104.6. In the Eurozone, the Consumer Price Index (CPI) released today showed inflation rising more than expected in May, reaching 2.6% YoY. This unexpected increase hasn't changed investor expectations for the first ECB interest rate cut in June, but it may strengthen the case for a pause in July and a slower pace of rate reductions in the following months.

Today, the base metals market experienced another day marked by weakness, as selling pressure ramped up in the latter half of the day. Initially, metal prices showed fluctuations, largely unaffected by macroeconomic news from Europe and the US, as they tested key support levels. However, once these levels were breached, we saw a significant downward correction. Copper fell below the \$10,100/t level to close at \$10,040/t. The \$10,000/t support level is crucial and breaching it could lead to a more pronounced correction. Looking ahead, we anticipate a slight softness at the beginning of next week as the market assesses appetite for lower prices. Aluminium was also lower, breaking below the \$2,700/t mark to close at \$2,652.50/t. Lead and zinc softened into \$2,273/t and \$2,969.50/t, respectively.

Precious metals remained broadly unchanged today, with gold trading around \$2,332/oz and silver at \$30.8/oz. Oil prices softened slightly, with WTI at \$77.4/bbl and Brent crude at \$81.7/bbl.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads C-3M	Conversion US\$/lb
Aluminium	2706	2737	2643	2652.5	2705	24529	658440	-45.36	120.75
Copper	10120	10214	10020	10040	10125	22593	346552	-125.00	456.02
Lead	2274	2314	2253	2273	2280	5515	154275	-58.33	103.17
Nickel	20130	20325	19560	19710	20065	4751	206480	-254.43	894.27
Tin	33155	33800	32400	33042	33180	562	19531	-267.00	1475.55
Zinc	3062	3079	2963	2969.5	3061	11429	248096	-58.47	135.51
					Total:	69379	1633374		

	Official Prices				Monthly Avg			
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M
Aluminium	2677	2712.5	2751.5	2751.5	2656.84	2703.5	2565.190476	2610.952381
Copper	9985	10110	10235	10192.75	10007.14	10135	10129.07143	10243.97619
Lead	2246	2302	2345.54	2361.54	2218.67	2277	2221.261905	2270.428571
Nickel	19830	20125	20730	21394	19807.88	20063	19520	19774.7619
Tin	33300	33525			32880	33111	33153.33333	33161.19048
Zinc	2994.5	3041.5	3048.34	2828.34	3013.03	3071.5	2955.690476	2996.166667

	LME Stocks (tonnes)						Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change
Aluminium	1120050	0	3400	-3400	1116650	522775	593875	Comex, US\$/lb	
Copper	118125	0	1650	-1650	116475	7300	109175	JUL 24	465.85
Lead	188275	0	2875	-2875	185400	37025	148375	SEP 24	466.6
Nickel	83634	96	0	96	83730	4704	79026	Shanghai, CNY/mt	
Tin	4940	70	15	55	4995	275	4720	01-Jun	81950
Zinc	251775	6700	1450	5250	257025	28350	228675	01-Jul	82220

	Global Markets			Currencies		Precious Metals			Previous Day's Fix	
	Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	18498	0.01	GBP	1.2736	0.0314	Gold	2330.71	-0.5275	2348.55	
DJI	38159	0.13	JPY	157.1800	-0.2290	Silver	30.32	-2.7241	3151.5	
S&P500	5209	-0.51	EUR	1.0849	0.1569	Gold Comex	2351.7	-0.625		
SSE	3087	-0.16	CNY	7.2418	-0.1257	Platinum	1025.24	-0.4002		
Hq Seng	18080	-0.83	AUD	0.6641	0.1206	Palladium	918.06	-3.4972		
Brent	82	-0.42	CAD	1.3647	0.2491					

Source: Bloomberg
Updated: 31/05/2024 17:30

All price data is from 31.05.2024 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).