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Daily Base Metals Report

US stocks weakened today, continuing from last week's downward trend, as anticipation builds ahead of the first major central bank rate cut this week. All eyes are on the ECB this Thursday, with expectations set for a hawkish rate cut ahead of the further cut in September. This is the first cutting cycle in decades where European policymakers are not forced to act in the face of a financial emergency, allowing more leeway in timing their cuts. Today's marginal downside was also brought on by a weaker-than-expected US factory activity, which fell to a 3-month low of 48.7 in May. The measure of new orders fell to the June 2022 low, suggesting the demand across the economy continues to soften. As a result, the dollar fell below the 104.50 level; the 10-year US Treasury yield fell below the 4.5% level.

Base metals started the week on a cautious note, following last week's weakness. Copper remains key in driving the base metals narrative, and markets now look comfortable above the \$10,000/t level, which serves as a solid basis for future price moves. Despite maintaining a moderately bullish outlook for the longer term, we believe a slight correction below this support level could realign the price closer to its fair value. We expect copper will test the \$10,000/t level this week. Meanwhile, nickel and zinc experienced a more pronounced bearish trend, falling for three consecutive days to \$19,422/t and \$2,943/t, respectively. Aluminium held firmly above the \$2,500/t level at \$2,661.50/t.

Meanwhile, oil futures sold off following the surprise announcement from OPEC to raise production, prompting WTI and Brent to correct to \$74/bl and \$78/bl. Gold and silver fluctuated in the light of the upcoming ECB meeting, trading at \$2,342/oz and \$30.52/oz at the time of writing.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2663	2691	2638	2661.5	2655	18608	661295	-42.14	120.97
Copper	10112	10194	10051	10143	10069	13966	340466	-125.00	461.01
Lead	2279	2300	2272	2288	2274	4505	153353	-60.00	103.65
Nickel	19710	19950	19250	19422	19635	5127	205276	-244.17	883.83
Tin	32735	33000	32245	32350	32610	475	19312	-295.00	1470.56
Zinc	2984	2996	2939	2943	2985	11580	246743	-55.80	133.61
					Total:	54261	1626445		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2625	2670	2759.2	2774.2	2607.14	2652.5	2625	2670	
Copper	9985.5	10107	10184.74	10129.74	9913.38	10040	9985.5	10107	
Lead	2224	2280	2340.56	2356.56	2215.89	2273	2224	2280	
Nickel	19325	19575	20434	21093	19455.57	19710	19325	19575	
Tin	32600	32825			32775	33042	32600	32825	
Zinc	2929	2978	2929.97	2739.97	2914.53	2969.5	2929	2978	

LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	1116650	0	3500	-3500	1113150	522175	590975	Comex, USc/lb		
Copper	116475	800	1275	-475	116000	6025	109975	JUL 24	465.85 -3.06	
Lead	185400	0	1750	-1750	183650	35275	148375	SEP 24	466.6 -2.61	
Nickel	83730	0	6	-6	83724	4698	79026	Shanghai, CNY/mt		
Tin	4995	15	10	5	5000	265	4735	01-Jun	81950 -1.68	
Zinc	257025	0	1100	-1100	255925	27600	228325	01-Jul	82220 -1.91	

Global Markets			Currencies		Precious Metals			Previous Day's Fix		
Last	% Change		Last	% Change	Last	% Change	Last	% Change	AM	PM
DAX	18608	0.60	GBP	1.2793	0.4003	Gold	2342.60	0.6561	2342.9	2348.25
DJI	38447	-0.62	JPY	156.0600	0.8010	Silver	30.52	0.3591		3126.5
S&P500	5268	-0.18	EUR	1.0890	0.3872	Gold Comex	2362.9	0.729		
SSE	3078	-0.27	CNY	7.2428	-0.0138	Platinum	1020.27	-1.7507		
Hg Seng	18403	1.79	AUD	0.6684	0.4660	Palladium	929.07	1.3317		
Brent	79	-3.19	CAD	1.3625	0.0220					

Source: Bloomberg
Updated: 03/06/2024 17:30

All price data is from 03.06.2024 as of 17:30

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