



Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Research Associate

WED 21 AUGUST 2024 00:10

Daily Base Metals Report

US stocks dipped at the open today after nearing record highs. Fears of a recession that rattled the market two weeks ago have completely dissipated, and investors are now preparing for the first Fed interest rate cut in September. Forward swaps are currently pricing in a 30% chance of a 50bps cut, but we expect the Fed to proceed with a more measured 25bps cut. A 25bps cut would allow the Fed to better assess the economic impact and adjust its strategy as needed, reducing the risk of overreacting to the latest data. The dollar continued its downtrend today, slipping to 101.5, while the 10-year US Treasury yield dropped to 3.82%.

A mixed day across the base metals group today. Aluminium continued to strengthen, gaining another \$50/t to test the \$2,500/t resistance level. The cash to 3-month spread has risen rapidly, up to -\$30.99/t, the highest level since April, suggesting growing tightness on the LME. Nickel also edged higher, breaking above the robust resistance of \$17,000/t to trade at \$17,030/t. Lead and zinc followed suit. Copper, on the other hand, stalled above the \$9,250/t level, edging back to \$9,243/t.

Gold reached record highs once again as its appeal as a non-yielding asset increases amid declining Treasury yields, with the yellow metal trading at \$2,515/oz. Silver tested the \$30/oz level but struggled to maintain it, standing at \$29.5/oz at the time of writing. Oil prices also fell, with WTI and Brent crude trading at \$73.9/bbl and \$77.2/bbl, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2430	2506	2418	2502	2430	33316	636172	-33.00	112.81
Copper	9263	9287	9188	9204	9260	16892	282154	-115.00	417.51
Lead	2029	2080	2029	2053.5	2038	3614	153733	-42.62	93.03
Nickel	16710	17080	16545	17035	16795	9387	205139	-248.47	770.43
Tin	32400	32850	32155	32276	32540	669	18988	-140.00	1460.58
Zinc	2797	2834	2763	2805	2791	9807	215248	-53.86	127.08
					Total:	73685	1511434		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	3M
							Cash	
Aluminium	2435	2466.5	2598	2655.93	2414.06	2445.5	2264.821429	2317.464286
Copper	9152	9265	9470	9572.62	9142.64	9252	8875.214286	8995.857143
Lead	2030	2066.5	2142.63	2187.63	1996.38	2039	1976.5	2018.107143
Nickel	16600	16830	17892	18582	16412.7	16666	16060.35714	16313.92857
Tin	32650	32775			32435	32575	30936.42857	30995
Zinc	2772	2824	2836.45	2804.45	2733.14	2787	2647	2701.142857

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	885375	0	3925	-3925	881450	534825	346625	Comex, USc/lb		
Copper	308075	13475	1500	11975	320050	33400	286650	SEP 24	418.05	0.89
Lead	193825	0	2725	-2725	191100	31250	159850	DEC 24	422	0.93
Nickel	114456	0	390	-390	114066	7824	106242	Shanghai, CNY/mt		
Tin	4140	40	30	10	4150	195	3955	01-Aug	0	0.00
Zinc	260000	0	1200	-1200	258800	30300	228500	01-Sep	73930	0.41

Global Markets

Global Markets		Currencies		Precious Metals			Previous Day's Fix			
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	18355	-0.36	GBP	1.3016	0.1924	Gold	2510.53	0.2496	2500.05	2494.55
DJI	40781	-0.28	JPY	145.6600	0.6385	Silver	29.48	0.1158		2883
S&P500	5591	-0.30	EUR	1.1103	0.1624	Gold Comex	2548.5	0.283		
SSE	2867	-0.93	CNY	7.1335	0.0841	Platinum	950.72	-0.9729		
Hq Seng	17511	-0.33	AUD	0.6736	0.0743	Palladium	930.76	-0.4109		
Brent	77	-0.37	CAD	1.3637	-0.0220					

Source: Bloomberg

Updated: 20/08/2024 17:30

All price data is from 20.08.2024 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).