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Daily Base Metals Report

US stocks opened higher today after the release of the CPI report, which came in line with expectations. Headline inflation showed a slight uptick in November, rising from 2.6% to 2.7% YoY, driven by increases in food and used vehicle prices. Core CPI remained steady at 3.3% YoY, unchanged from October. Markets interpreted the data as reinforcing expectations for a 25bps rate cut by the Federal Reserve next week, with forward swaps now pricing in almost a 100% probability of such a move. The 10-year US Treasury yield rose to 4.25%, likely reflecting reduced expectations for deeper rate cuts in the upcoming year. Meanwhile, the dollar index unexpectedly jumped to 106.7, which contrasts with typical behaviour following dovish signals and could indicate continued demand for the dollar as a safe haven.

Base metals weakened slightly due to a weaker yuan following reports that Beijing is considering allowing the currency to move without a fixed rate, potentially letting it weaken next year. In recent weeks, the yuan has been fixed at 7.2-7.3 against the strengthening dollar, which has helped to limit losses. If the yuan is allowed to float freely, the yield differential between the US and China will play a crucial role in influencing the currency pair. Although the Fed is expected to cut interest rates in the coming months, the scale and pace of these cuts are likely to be moderate, which will maintain a strong differential with Chinese bond yields. As a result, this could lead to a weaker performance of the yuan against the dollar, exerting downward pressure on base metal prices.

As a result, aluminium and copper held steady at \$2,601/t and \$9,192/t, respectively. Zinc continued to rise gradually, reaching \$3,125.50/t. Meanwhile, lead weakened, breaking below the robust \$2,050/t level to \$2,043/t.

Gold extended its upward streak, climbing to \$2,712/oz, the highest level this month, while silver edged higher, surpassing the \$32/oz mark. Oil prices also increased steadily, with WTI trading at \$69.50/bbl and Brent crude at \$72.90/bbl, supported by uncertainties surrounding the transition of power in Syria.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads C-3M	Conversion USc/lb
Aluminium	2616	2625	2576	2601	2615	12928	665539	-44.07	118.09
Copper	9240	9314	9156	9192	9234	19386	268843	-115.50	417.31
Lead	2069	2070	2034	2043	2065	5602	132927	-26.00	92.51
Nickel	15770	15880	15655	15858	15760	4510	222891	-235.41	719.18
Tin	29710	30000	29710	29957	29800	421	20698	-275.00	1360.56
Zinc	3147	3170	3109	3125.5	3149	6855	240044	-30.62	141.66
					Total:	49702	1550942		

Official Prices							Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Cash	3M	
Aluminium	2556	2595	2630.42	2662.42	2564.43	2608.5	2570.625	2602.3125	
Copper	9077	9201	9400	9583.53	9101.04	9216.5	9002.25	9118.625	
Lead	2037	2065	2136.04	2170.04	2036.19	2064.5	2049.9375	2079.25	
Nickel	15580	15810	16551.88	17349.88	15480.35	15715	15678.125	15923.75	
Tin	29625	29900			29516	29776	28918.125	29183.125	
Zinc	3092.5	3124	3123.82	3017.57	3109.81	3135	3088.875	3106.8125	

LME Stocks (tonnes)							Other Copper Markets			
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	679600	500	2500	-2000	677600	294975	382625	Comex, USc/lb		
Copper	268100	1000	600	400	268500	8025	260475	DEC 24	422.35	
Lead	268550	0	1975	-1975	266575	39700	226875	MAR 25	427.2	
Nickel	165810	1248	552	696	166506	23376	143130	Shanghai, CNY/mt		
Tin	4685	55	75	-20	4665	255	4410	01-Dec	75560	
Zinc	277050	0	2100	-2100	274950	102900	172050	01-Jan	75490	

Global Markets		Currencies		Precious Metals			Previous Day's Fix			
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	20399	0.34	GBP	1.2763	-0.0626	Gold	2719.94	0.9535	2670.45	2689.60
DJI	44290	0.10	JPY	152.4200	-0.3084	Silver	32.19	0.8697		3190
S&P500	6086	0.85	EUR	1.0509	-0.1710	Gold Comex	2758	1.457		
SSE	3432	0.29	CNY	7.2621	-0.1694	Platinum	941.38	-0.1421		
Hq Seng	20155	-0.77	AUD	0.6377	0.0000	Palladium	985.3	1.2371		
Brent	73	1.52	CAD	1.4127	0.3822					

Source: Bloomberg
Updated: 11/12/2024 17:30

All price data is from 11.12.2024 as of 17:30

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