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Daily Base Metals Report

US stocks made modest gains as the market braced for the Fed decision later tonight. The central bank is widely expected to cut interest rates by 25bps in its final meeting of the year. After this, the market focus will shift to 2025 and the anticipated cuts for next year. Investors have significantly reduced their expectations for a strong cutting cycle, bringing the number of 25bps cuts next year to 3-4. However, lingering uncertainty surrounding the potential impact of Trump's incoming administration on inflation remains. The policymakers' notes after the meeting will be crucial as markets adjust their expectations for 2025. Meanwhile, US industrial production figures showed a shallow decline in November, marking the third consecutive month of decrease. Conversely, US retail sales increased by 0.7% in the same month, driven by a rise in car purchases and strong online shopping activities. Elsewhere, UK inflation rose to 2.6% in November, further solidifying expectations for no rate change from the BOE tomorrow. This should keep the GBP supported at current levels.

Base metals held their nerve today following yesterday's weakness. Aluminium led the decline yesterday, following a sell-off in the alumina space due to high aluminium export figures out of China. Still, we do not anticipate that the pressure on alumina will ease in the long term. With lower tax rebates and the incoming Trump administration in January, the 15.9% increase in exports in November suggests that exporters were looking to capitalise on higher profit margins before the incentives diminish on December 1st. We expect that December export figures will likely be lower. Today, markets showed some resilience against the decline, and we expect that mean-reversion will bring the prices slightly higher in the near term. In the meantime, aluminium held above the \$2,500/t level as copper edged higher back above \$9,000/t. Lead and zinc continued to weaken to \$1,981.50/t and \$2,995/t, respectively.

Oil futures strengthened following US crude stockpile drop, prompting WTI and Brent to reach \$71/bbl and \$74/bbl. Precious metals weakened ahead of the Fed meeting, with gold and silver trading at \$2,637/oz and \$30.17/oz, respectively.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2544	2549	2526	2528.5	2537	12237	638494	-41.55	114.71
Copper	9004	9049	8950	9028.5	9007	12062	267240	-117.92	409.53
Lead	1988	1998	1970	1981.5	1985	6829	143962	-28.50	89.59
Nickel	15525	15560	15465	15508	15525	4243	218046	-234.48	704.66
Tin	29200	29300	29005	29116	29185	268	19958	-259.00	1320.87
Zinc	3033	3041	2988	2995	3037	8612	229956	-26.92	135.92
					Total:	44251	1517656		

Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	
							Cash	3M
Aluminium	2483.5	2527	2568.63	2604.63	2499.32	2542.5	2554.692308	2590.307692
Copper	8905.5	9020	9208.25	9343.25	8868.97	8989.5	8979.576923	9096.576923
Lead	1952.5	1983	2059.05	2093.8	1952.82	1985.5	2019.846154	2051.038462
Nickel	15320	15560	16182.2305	16967.23047	15268.9	15503	15654.23077	15896.53846
Tin	29000	29180			28807	29047	29013.46154	29266.92308
Zinc	2988	3012	3040.12	2940.12	3008.58	3035.5	3071.153846	3092.846154

LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets		
								Last	% Change	
Aluminium	670025	0	2500	-2500	667525	284675	382850	Comex, USc/lb		
Copper	272450	0	125	-125	272325	16175	256150	DEC 24	414.35	-0.13
Lead	255525	0	275	-275	255250	40950	214300	MAR 25	419.1	-0.14
Nickel	161718	750	1548	-798	160920	13038	147882	Shanghai, CNY/mt		
Tin	4600	55	25	30	4630	270	4360	01-Dec	0	0.00
Zinc	262100	825	2525	-1700	260400	88350	172050	01-Jan	74560	0.12

Global Markets

Global Markets			Currencies		Precious Metals			Previous Day's Fix	
Last	% Change		Last	% Change	Last	% Change	AM	PM	
DAX	20261	0.07	GBP	1.2690	-0.1574	Gold	2633.32	-0.5104	2636.35
DJI	43599	0.34	JPY	154.0200	-0.3636	Silver	30.12	-1.3736	3031
S&P500	6062	0.18	EUR	1.0468	-0.2192	Gold Comex	2649.9	-0.455	
SSE	3382	0.62	CNY	7.2867	-0.0343	Platinum	930.15	-1.194	
Hg Seng	19865	0.83	AUD	0.6300	-0.5839	Palladium	927.74	-1.3263	
Brent	74	1.15	CAD	1.4334	-0.1674				

Source: Bloomberg

Updated: 18/12/2024 17:30

All price data is from 18.12.2024 as of 17:30

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