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DAILY BASE METALS REPORT

# Weaker-Than-Expected Inflation Decline in Europe Weighs on USD

## Summary

- Upward revisions in US and European manufacturing data signalled resilience in the sector.
- Volatility in base metals is diminishing, as market participants have little risk appetite.
- A weaker dollar supported gold's recovery, while oil prices remained range-bound.

US stocks opened higher as investors digested the latest manufacturing PMI data. The final US reading was unexpectedly revised up to 52.7, marking its highest level since June 2022 and signalling ongoing resilience in the sector. In Europe, the UK's manufacturing PMI (S&P Global) was revised slightly higher to 46.9, while the HCOB Eurozone Manufacturing PMI rose to 47.6, suggesting a marginal improvement in conditions. Meanwhile, Eurozone inflation softened less than expected, with February's headline CPI easing to 2.4% YoY from 2.5% in January, while core inflation ticked down to 2.6% from 2.7%. The data reinforced expectations that the European Central Bank may delay rate cuts, as services inflation, although lower at 3.7%, remains well above the ECB's 2% target. The euro gained on the prospect of a more hawkish stance from the ECB, while the dollar weakened against major currencies, including the pound. The dollar index fell below 106.6, while the 10-year US Treasury yield extended its downward move, dipping below 4.2%.

A weaker dollar helped to reverse some of last week's softness today; however, it did little to indicate that the recent trend is likely to stop in the near term. Instead, this helped solidify the near-term support levels. In particular, aluminium stopped short of \$2,600/t as copper held its nerve at \$9,373/t. Even with ongoing geopolitical tensions, volatility in base metals is dwindling as market participants have little risk-on appetite, leaving no clear trend or pattern to trade on. Nickel is showing some tightness amid headlines from Indonesia, jumping higher but struggling to break the \$16,000/t resistance level, prompting the metal to close at \$15,893/t. Lead and zinc remained broadly unchanged.

A weaker dollar supported gold, allowing it to rebound closer to \$2,890/oz, while silver followed, jumping above \$31.7/oz. Oil prices remained range-bound, with WTI at \$69.5/bbl and Brent at \$72.7/bbl at the time of writing.

	Open	High	Low	5pm Close	PDC	Volume	Total O.I	Spreads	Conversion
								C-3M	USc/lb
Aluminium	2606	2630	2603	2611.0	2604	15554	715784	11.58	118.62
Copper	9379	9429	9327	9419.0	9361	17163	296434	-24.72	426.83
Lead	1995	1999	1983	1992.5	1987	4899	144579	-25.31	90.49
Nickel	15545	16040	15525	15893.0	15590	9683	225755	-172.67	722.58
Tin	31225	31695	31055	31575.0	31125	568	21818	-193.00	1437.00
Zinc	2810	2860	2808	2843.0	2798	11234	223499	-32.21	129.16
					Total:	59101	1627869		

#### Official Prices

	Cash	3m	Dec Yr 1	Dec Yr 2	PD Cash	PD 3M	Monthly Avg	Cash	3M
Aluminium	2624	2614	2645	2657	2621.06	2605.5	2624	2614	
Copper	9360.5	9389	9543.99	9608.99	9338.06	9358	9360.5	9389	
Lead	1972	1995	2074.91	2109.91	1967.02	1992.5	1972	1995	
Nickel	15600	15770	17052.35	17767.35	15266.85	15433	15600	15770	
Tin	31375	31525			31133	31312	31375	31525	
Zinc	2806.5	2832	2875.41	2836.41	2762.78	2793	2806.5	2832	

#### LME Stocks (tonnes)

	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Other Copper Markets	Last	% Change
Aluminium	521200	0	4050	-4050	517150	310250	206900	Comex, USc/lb		
Copper	262075	0	1025	-1025	261050	101275	159775	MAR 25	458	0.88
Lead	214800	0	2150	-2150	212650	29850	182800	MAY 25	461.85	0.70
Nickel	194964	198	0	198	195162	18570	176592	Shanghai, CNY/mt		
Tin	3725	20	5	15	3740	175	3565	01-Feb	0	0.00
Zinc	164425	0	825	-825	163600	23975	139625	01-Mar	76850	-0.04

#### Global Markets

Global Markets		Currencies		Precious Metals		Previous Day's Fix				
Last	% Change	Last	% Change	Last	% Change	AM	PM			
DAX	23147	2.64	GBP	1.2714	1.0893	Gold	2888.27	1.0651	2861.4	2834.55
DJI	43785	-0.13	JPY	150.1800	0.2996	Silver	31.73	1.86		3113.5
S&P500	5948	-0.11	EUR	1.0492	1.1277	Gold Comex	2898.4	1.752		
SSE	3317	-0.12	CNY	7.2857	-0.1002	Platinum	960.03	1.1165		
Hg Seng	23006	0.28	AUD	0.6249	0.6442	Palladium	951.18	3.1481		
Brent	73	-0.07	CAD	1.4408	0.3679					

Source: Bloomberg  
Updated: 03/03/2025 17:30

All price data is from 03.03.2025 as of 17:30

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