

Base Metals

	Previous	CMP	% Change
Comex Copper	2.863	2.877	0.49
LME Copper	6302.5	6326	0.37
LME Aluminium	1801.25	1810.75	0.53
LME Zinc	2392.25	2408.75	0.69
LME Lead	2002.75	2028.25	1.27
LME Nickel	14342.5	14392.5	0.35
MCX Copper	455.25	455.65	0.09
MCX Aluminium	139.7	140.1	0.29
MCX Zinc	181.75	182.7	0.52
MCX Lead	152.65	153	0.23
MCX Nickel	1049.5	1053	0.33

Base Metal Related News

Base metals rise with market sentiment buoyed by the signing of a “phase one” trade agreement between China and the United States on Wednesday.

The deal, signed between US and China includes a pledge from Beijing to buy at least \$200 billion of US goods and services over the next two years and a commitment to not devalue its currency.

China’s central bank had injected a net 560 billion yuan (\$81.2 billion) of liquidity into the country’s financial institutions this morning.

In terms of the SHFE base metals, nickel was the outperformer after supply concerns resurfaced following Indonesia’s export ban on nickel ore from Jan

Nickel discount for cash metal against the 3M is at \$US87, suggested ample nearby supply. The metal has fallen nearly 40% from a high in September.

Shipments of aluminum scrap to China were down only 19.7% yoy in 2019, but those of U.S. scrap copper, subject to a 25% tariff since August 2018, crashed by 75.7% over the same period.

LME Inventory

Commodity	LME Stock	Change	Shanghai Stock	Change	Canceled Warrants	CW as % of LME Stocks
Copper	126775	-1275	141317	17670	39250	30.96
Aluminium	1350925	-14000	188027	2900	683250	50.58
Zinc	51575	-75	30806	2752	7775	15.08
Lead	66375	-75	44762	200	12825	19.32
Nickel	183012	4428	37304	-103	54318	29.68

Base Metal Outlook

Base metals are trading higher in international markets. We expect base metal prices to trade positive after US and China signed the Phase I agreement and on easing from China. One can maintain buy on dips strategy in base metals for the day. During the evening session, US releases major economic data like retail sales, the Philly Fed Manufacturing Index, import prices and unemployment claims.

Important Events For The Week					
	Cur		Actual	Forecast	Previous
13-Jan					
12:30pm	EUR	German WPI m/m	0%	0.20%	-0.10%
3:00pm	GBP	GDP m/m	-0.30%	0.00%	0.00%
	GBP	Industrial Production m/m	-1.20%	-0.10%	0.10%
14-Jan					
Tentative	CNY	Trade Balance	329B	315B	274B
14th-18th	CNY	Foreign Direct Investment ytd/y			6.00%
10:30am	JPY	Economy Watchers Sentiment	39.8	40.9	39.4
14th-15th	CNY	M2 Money Supply y/y		8.40%	8.20%
4:30pm	USD	NFIB Small Business Index	102.9	104.9	104.7
7:00pm	USD	CPI m/m	0.20%	0.20%	0.30%
	USD	Core CPI m/m	0.10%	0.20%	0.20%
7:30pm	USD	FOMC Member Williams Speaks			
Tentative	USD	IBD/TIPP Economic Optimism	57.4	57.3	57
15-Jan					
5:20am	JPY	M2 Money Stock y/y	2.70%	2.70%	2.80%
6:00am	JPY	BOJ Gov Kuroda Speaks			
3:00pm	GBP	CPI y/y	1.30%	1.50%	1.50%
	GBP	Core CPI y/y	1.40%	1.70%	1.70%
3:30pm	EUR	Industrial Production m/m	0.20%	0.30%	-0.50%
	EUR	Trade Balance	19.2B	22.3B	24.5B
7:00pm	USD	Core PPI m/m	0.10%	0.20%	-0.20%
	USD	PPI m/m	0.10%	0.20%	0.00%
	USD	Empire State Manufacturing Index	4.8	4.1	3.5
9:00pm	USD	Crude Oil Inventories	-2.5M		1.2M
9:30pm	USD	FOMC Member Harker Speaks			
10:30pm	USD	FOMC Member Kaplan Speaks			
12:30am	USD	Beige Book			
EVENTS FOR TODAY					
5:20am	JPY	Core Machinery Orders m/m	18.00%	3.10%	-6.00%
	JPY	PPI y/y	0.90%	0.90%	0.10%
12:30pm	EUR	German Final CPI m/m	0.50%	0.50%	0.50%
14th-15th	CNY	New Loans	1140B	1250B	1390B
7:00pm	USD	Core Retail Sales m/m		0.50%	0.10%
	USD	Retail Sales m/m		0.30%	0.20%
	USD	Philly Fed Manufacturing Index		3.7	0.3
	USD	Unemployment Claims		217K	214K
8:30pm	USD	FOMC Member Bowman Speaks			
	USD	Business Inventories m/m		-0.10%	0.20%
	USD	NAHB Housing Market Index		74	76
9:00pm	USD	Natural Gas Storage		-91B	-44B
11:30pm	EUR	ECB President Lagarde Speaks			
17-Jan					
7:30am	CNY	GDP q/y		6.00%	6.00%
	CNY	Fixed Asset Investment ytd/y		5.20%	5.20%
	CNY	Industrial Production y/y		6.20%	6.20%
	CNY	NBS Press Conference			
	CNY	Retail Sales y/y		7.90%	8.00%
	CNY	Unemployment Rate			5.10%
10:00am	JPY	Tertiary Industry Activity m/m		1.00%	-4.60%
2:30pm	EUR	Current Account		34.3B	32.4B
3:00pm	GBP	Retail Sales m/m		0.80%	-0.60%
3:30pm	EUR	Final CPI y/y		1.30%	1.30%
	EUR	Final Core CPI y/y		1.30%	1.30%
7:00pm	USD	Building Permits		1.47M	1.48M
	USD	Housing Starts		1.38M	1.37M
7:30pm	USD	FOMC Member Harker Speaks			
7:45pm	USD	Capacity Utilization Rate		77.20%	77.30%
	USD	Industrial Production m/m		0.00%	1.10%
8:30pm	USD	Prelim UoM Consumer Sentiment		99.2	99.3
	USD	Prelim UoM Inflation Expectations			2.30%
11:15pm	USD	FOMC Member Quarles Speaks			

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