

Base Metals

	Previous	CMP	% Change
Comex Copper	2.352	2.345	-0.30
LME Copper	5214	5209	-0.10
LME Aluminium	1477	1476	-0.07
LME Zinc	1965.25	1944	-1.08
LME Lead	1598.25	1597	-0.08
LME Nickel	12247.5	12236	-0.09
MCX Copper	401.65	402.15	0.12
MCX Aluminium	130.1	129.85	-0.19
MCX Zinc	152.25	151.5	-0.49
MCX Lead	129.5	129.35	-0.12
MCX Nickel	925.9	927	0.12

Base Metal Related News

Base metal prices lower after the U.S. Federal Reserve chief warned of an "extended period" of weak economic growth, sparking concerns of lean demand for the metal.

China's stainless steel prices moved up on recent gains in the nickel market, but soft demand tempered expectations of any further increases.

China Iron & Steel Association continued to increase their production rates in early May but finished steel output dropped

Demand losses caused by the COVID-19 pandemic will outweigh the impact of supply disruptions for industrial metals such as aluminium and zinc, leaving these markets with huge surpluses and high stocks.

The Jiangxi provincial government, in a posting on its official Wechat account, made no mention of stockpiling but announced 16 other measures to support stable development of its copper industry.

In Europe, UK GDP contracted by 5.8% month on month in March, according to preliminary figures released Wednesday, as lockdown measures began to hammer economic activity in the country.

LME Inventory (13/05/2020)

Commodity	LME Stock	Change	Shanghai Stock	Change	Canceled Warrants	CW as % of LME
						Stocks
Copper	275125	-2725	295199	-14562	-1150	12.03
Aluminium	1318414	-2575	482415	25450	-2675	14.08
Zinc	74400	-375	138746	-6352	-850	11.46
Lead	73176	575	14910	-437	250	21.04
Nickel	234477	0	30376	-179	-210	16.51

Base Metal Outlook

Base metals are trading lower today. We expect base metal prices to trade sideways to positive on slightly weaker dollar after Powell remark towards more QE and supportive measures to introduce if required but gains will be limited after the second wave of coronavirus cases emerges and weak inflation data in China and US indicates weakness in base metal complex.

Important Events For The Week					
	Cur		Actual	Forecast	Previous
12-May					
7:00am	CNY	CPI y/y	3.30%	3.70%	4.30%
	CNY	PPI y/y	-3.10%	-2.60%	-1.50%
12th-18th	CNY	Foreign Direct Investment ytd/y			-10.80%
12th-15th	CNY	M2 Money Supply y/y	10.30%	10.30%	10.10%
12th-15th	CNY	New Loans	1300B	1300B	2850B
3:30pm	USD	NFIB Small Business Index	90.9	86.7	96.4
6:00pm	USD	CPI m/m	-0.80%	-0.70%	-0.40%
	USD	Core CPI m/m	-0.40%	-0.20%	-0.10%
7:30pm	USD	FOMC Member Harker Speaks			
	USD	FOMC Member Quarles Speaks			
12th-15th	USD	Mortgage Delinquencies	4.36%		3.77%
10:31pm	USD	10-y Bond Auction			0.78 2.4
11:30pm	USD	Federal Budget Balance	-737.9B		-119.1B
13-May					
11:30am	GBP	Prelim GDP q/q	-2.00%	-2.50%	0.00%
	GBP	GDP m/m	-5.80%	-7.90%	-0.10%
	GBP	Industrial Production m/m	-4.20%	-5.50%	0.10%
2:30pm	EUR	Industrial Production m/m	-11.30%	-12.00%	-0.10%
6:00pm	USD	Core PPI m/m	-0.30%	-0.10%	0.20%
	USD	PPI m/m	-1.30%	-0.40%	-0.20%
6:30pm	USD	Fed Chair Powell Speaks			
8:00pm	USD	Crude Oil Inventories	-0.7M	4.1M	4.6M
14-May					
11:30am	EUR	German Final CPI m/m		0.30%	0.30%
	EUR	German WPI m/m		-0.30%	-0.40%
1:30pm	EUR	ECB Economic Bulletin			
6:00pm	USD	Unemployment Claims		2500K	3169K
	USD	Import Prices m/m		-3.10%	-2.30%
8:00pm	USD	Natural Gas Storage		109B	109B
15-May					
7:30am	CNY	Fixed Asset Investment ytd/y		-9.50%	-16.10%
	CNY	Industrial Production y/y		1.50%	-1.10%
	CNY	Retail Sales y/y		-5.90%	-15.80%
	CNY	Unemployment Rate		5.80%	5.90%
11:30am	EUR	German Prelim GDP q/q		-2.30%	0.00%
	EUR	German PPI m/m			-0.80%
2:30pm	EUR	Flash GDP q/q		-3.80%	-3.80%
All Day	EUR	Eurogroup Meetings			
6:00pm	USD	Core Retail Sales m/m		-8.00%	-4.50%
	USD	Retail Sales m/m		-11.00%	-8.70%
	USD	Empire State Manufacturing Index		-65	-78.2
6:45pm	USD	Capacity Utilization Rate		65.00%	72.70%
	USD	Industrial Production m/m		-11.30%	-5.40%
7:30pm	USD	Prelim UoM Consumer Sentiment		67.6	71.8
	USD	Business Inventories m/m		-0.30%	-0.40%

14th May 2020

Narnolia Financial Advisors Ltd | Market Strategy Desk

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