

## Base Metals

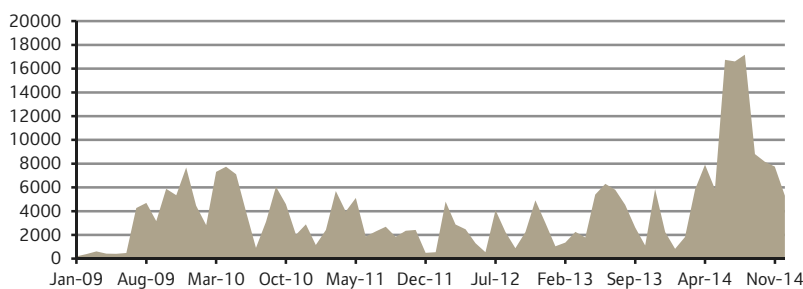
The base metals complex remains rather choppy, exacerbated by thin China-free trading conditions. After a weak close yesterday, the metals have all rebounded heading into Tuesday afternoon with broader macroeconomic themes such as Greece and other market events like Janet Yellen's testimony to the Senate Banking Committee this afternoon the main focus.

Nickel prices have rebounded from their recent slump and have recovered back above the \$14,000 mark. Overall, depressed market conditions in Europe and the US have been offset by signs of improving physical conditions in China. That said however, the latest INSG data released last week appeared to be behind the recent sell-off, with the figures highlighting quite how stark the deterioration in usage levels have been over H2-2014 after what had been a promising start to last year including several deficit months. It's worth noting however that the agency is faced with the task of statistically accounting for the surge in Chinese refined nickel exports post Qingdao, to more agreeable locations, and the fact that those stocks would have previously been assumed to have been used in terms of apparent consumption calculations. As such, the deterioration in nickel usage over the second half of last year perhaps overstates reality.

While we are supportive for nickel over the longer term, the current weak demand conditions in the US and Europe and plentiful availability of nickel units (in various forms) are weighing on investor sentiment Overall the metal remains range bound and likely to grind sideways until demand conditions improve enough to digest those inventories. As far as China is concerned, the key is really the response of the Chinese participants (if any) following the New Year Holidays and beyond that the preparation for the SHFE nickel contract in Q2 and whether there is any pre-emptive positioning.

Copper has recovered back towards \$5,700 again with the metal continuing to trade sideways and in a fairly compressed trading range. The key continues to be whether the metal can establish itself and hold above \$5,710-ish, with the return of the Chinese market tomorrow a key factor. LME copper inventories posted a large fall in headline stocks with a 3,550 mt outflow at Antwerp behind the bulk of today's 4,175 mt decline. In terms of dominant warrant holders, the latest LME data (20<sup>th</sup> February) still shows one dominant holder of cash warrants in the +90% band and a holder of tom warrants in the 80-89% band.

### China refined nickel exports (mt)



Source: China Customs

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Elsewhere, the ILZSG latest estimates suggest that the zinc market recorded a 296kt deficit in 2014, compared with a 97kt deficit in 2013. The lead market was also in deficit, albeit only just at 5kt, compared to a 2kt surplus in 2013.

*Leon Westgate*

## **Precious metals**

Janet Yellen's testimony to the Senate Banking Committee this afternoon is dominating the precious metals with light trading conditions a feature of the market today. The euro has stabilised and has strengthened a little against the dollar which in turn has helped gold climb back above \$1,200/oz heading into the afternoon. The return of the Chinese markets tomorrow should spark a bit of interest across the complex and see volumes tick higher, but for now the focus is on the Fed Chairwoman's comments.

Meanwhile, Gold ETF's continue to add, in spite of what has been a more general rush for the exit according to the CFTC COT data. The Silver ETF has also seen inflows and has recovered from recent lows, again in the face of long liquidation by the speculative community.

Platinum continues to follow gold, while palladium remains well supported above \$780 albeit with the metal struggling to punch much above \$790/oz. Whether there is enough momentum to see palladium break higher remains to be seen however, given decent fundamentals and a story to keep investors interested the metal does seem poised to head higher heading into Q2.

*Leon Westgate*

## Commodities Data

LME 3 month	Open	Close	High	Low	Daily change	Change (%)	Cash Settle	Change in cash settle	Cash - 3m
Aluminium	1,802	1,791	1,816	1,785	-11	-0.61	1,793.00	-29	-31.25
Copper	5,700	5,672	5,736	5,634	-28	-0.49	6,216.00	-93	68.50
Lead	1,769	1,765	1,779	1,761	-5	-0.25	1,833.00	-12	-14.75
Nickel	14,045	14,125	14,200	13,930	80	0.57	14,585.00	-295	-74.00
Tin	17,965	17,975	18,035	17,850	10	0.06	19,650.00	250	15.50
Zinc	2,053	2,046	2,066	2,041	-7	-0.32	2,155.00	-29	-11.00
LME inventory	Today	Yesterday	In	Out	One day change	YTD change (mt)	Cancelled warrants (mt)	Cancelled warrants (%)	Contract turnover
Aluminium	3,948,775	3,947,400	7,975	6,600	1,375	-261,500	2,262,075	57	182,763
Copper	295,500	299,675	0	4,175	-4,175	118,475	32,200	11	90,757
Lead	212,700	211,525	1,700	525	1,175	-9,275	13,450	6	37,203
Nickel	424,548	424,932	300	684	-384	11,400	100,380	24	47,145
Tin	11,420	11,420	0	0	0	-625	2,225	19	5,113
Zinc	572,400	576,800	0	4,400	-4,400	-119,200	179,875	31	85,292
Shanghai 3-month	Open	Last	1d Change		COMEX	Open	Close	Change	Change (%)
Aluminium	#N/A	#N/A	-25		Ali Feb'14	-	-	-	-
Copper	#N/A	#N/A	180		Cu Feb'14	258.65	259.3	0.65	0.25
Zinc	17,965	17,975	0						
Precious metals	AM Fix	PM Fix	High bid	Low offer	Closing bid	Daily change			
Gold	1,211.00	1,200.00	1,210.47	1,190.96	1,201.33	-30.44			
Silver	-	16.29	16.62	16.10	16.33	-0.86			
Platinum	1,214.00	1,206.00	1,172.50	1,155.60	1,162.50	-92.60			
Palladium	797.00	794.00	788.00	775.15	786.00	6.70			
Forwards (%)	1 month	2 months	3 months	6 months	12 months				
Gold	0.065	0.0825	0.095	0.1175	0.1525				
Silver	0.62	0.616	0.618	0.612	0.568				
USD Libor	0.1715	0.2108	0.2626	0.3857	0.6744				
Technical Indicators	30-day RSI	10-day MA	20-day MA	100-day MA	200-day MA	Support	Resistance		
Gold	51.41	1,190.03	1,195.25	1,215.32	1,256.10	1,193.96	1,203.95		
Silver	48.14	15.92	16.07	17.14	18.56	16.24	16.40		
Platinum	47.11	1,206.52	1,207.76	1,272.72	1,366.39	1,158.18	1,168.33		
Palladium	49.53	803.73	803.18	807.86	821.46	783.85	790.70		
Active Month Future	COMEX GLD	COMEX SLV	NYMEX PAL	NYMEX PLAT	DGCX GLD	TOCOM GLD	CBOT GLD		
Settlement	1210	16.255	798.25	1210.9	1210.4	4634	1204		
Open Interest	379292	152659	32802	65754	735	73137	21		
Change in Open Interest	-15140	19372	-3536	4720	-531	-29605	-292		
Energy futures pricing	1 month	Change	2 month	Change	3 month	Change	6 month	Change	
Sing Gasoil (\$/bbl)	71.035	-0.29	73.027	-1.11	73.259	-1.12	74.12	-1.13	
Gasoil 0.1% Rdam (\$/mt)	572.25	-7.75	559.75	-6.00	556.5	-4.75	566.25	-3.00	
NWE CIF jet (\$/mt)	600.91	-2.27	599.68	-11.15	598.16	-9.22	610.63	-7.33	
Singapore Kero (\$/bbl)	73.26	-0.43	73.627	-1.51	73.679	-1.45	74.98	-1.30	
3.5% Rdam barges (\$/mt)	299.747	-2.09	300.898	-7.91	303.712	-6.94	312.101	-5.12	
1% Fuel Oil FOB (\$/mt)	299.65	-2.06	302.4	-7.84	307.52	-7.10	319.64	-5.30	
Sing FO180 Cargo (\$/mt)	344.018	-3.19	343.252	-8.36	340.546	-7.46	343.601	-5.12	
Thermal coal	Q3 14	Change	Q4 14	Change	Q1 15	Change	Cal 15	Change	
API2 (CIF ARA)	74.50	-0.50	77.05	-0.45	78.65	-0.35	80.45	-0.40	
API4 (FOB RBCT)	73.85	-0.15	74.05	-0.20	75.25	-0.05	76.75	-0.10	

Source: LME, Comex, Nymex, SHFE, Standard Bank Plc

23 February 2015

**Commodity Data cont.****Bulks**

	Latest Price	1-day	1-week	1-month	3-month	6-month
Turkish Scrap 80:20 (Iskenderun CFR) \$/t	230.00	-1.72%	-22.97%	-21.76%	-39.11%	-32.41%
China Tangshan Steel Billet \$/t	328.00	0.00%	-0.61%	-18.20%	-24.60%	-30.51%
China HRC export (Shanghai FOB) \$/t	405.00	0.00%	-7.32%	-14.92%	-20.59%	-23.58%
North Europe HRC domestic (ex-works) \$/t	390.00	0.00%	0.00%	-4.88%	-6.02%	-12.36%
North America HRC domestic (Midwest FOB) \$/t	511.00	-1.54%	-10.04%	-20.65%	-24.85%	-20.65%

**Steel—Futures**

LME Billet Cash \$/t	375.00	-15.73%	-23.47%	-23.47%	-10.13%	4.17%
LME Billet Futures (1-mth) \$/t	375.00	-15.73%	-23.47%	-23.47%	-10.93%	4.46%
LME Steel Billet Stocks—change	0.00	-	-	-	-	-
Shanghai Rebar Futures (Active contract) \$/t	358.62	0.00%	0.15%	-15.51%	-26.85%	-30.06%
Shanghai Rebar Futures On-Warrant Stocks—change	0.00	-	-	-	-	-
China Steel Inventory (million tonnes)	11.86	0.00%	15.63%	17.50%	-4.23%	-37.96%

**Iron ore**

China Iron Ore Fines (62% Fe; CFR Tianjin) \$/t						
China Iron Ore Fines (58% Fe; CFR Tianjin) \$/t						
SGX AsiaClear IO Swaps 62% Fe \$/t (1-mth)	62.75	-0.40%	-7.27%	-14.53%	-32.35%	-48.30%
China Iron Ore Inventory (million tonnes)	91.28	0.00%	-0.85%	-9.16%	-10.04%	-5.76%

**Coking coal**

Premium Hard Coking Coal (Qld FOB) \$/t	111.95	0.00%	-1.06%	-1.76%	-0.71%	-11.50%
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**Capesize freight**

Saldanha South Africa-Beilun China	7.15	0.00%	-0.69%	-46.24%	-57.94%	-50.69%
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**Financials pricing**

RMB Currency	6.26	0.02%	0.00%	1.85%	1.66%	2.60%
China 7-day repo	4.83	0.00%	24.16%	38.00%	43.75%	47.71%
Shanghai Equities Composite	3246.91	0.00%	-4.03%	28.19%	45.65%	56.35%

Source: LME, Bloomberg, Standard Bank Plc

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