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Slow activity characterized trade on the London Metal Exchange Wednesday morning, with prices gliding down in early trade. One LME trader contacted by Platts said: "Very little has been going on, seems that everyone's enjoying the sunshine. Prices have been drifting off in the last 30 minutes but only in a small way, there's a general lack of activity." The dollar's rally at the end of last week was pointed at by the trader as having had little impact on LME prices. Tin, which has maintained relative independence from other metals in the complex over recent weeks, was the only metal to be bid up Wednesday morning, at \$24,125/mt, up \$25 from Tuesday's close. "The main influences driving price have been a bit confused of late," said the trader. "The weakening dollar was driving prices higher but that has been turned on its head when the market started reacting to underlying US economic data." Eur1 could buy 1.5417 at 1022 GMT Wednesday.

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William Adams, analyst at basemetals.com said the complex's push up to higher prices at the close on Tuesday, despite the settlement of the Chilean Codelco strike, indicated that sentiment remained bullish. However, he warned that the upwards climb was not trustworthy: "The weaker tone seems to be on the back of the stronger dollar and without the strike at Codelco fueling the immediate tightness concern, the metals may have more of a struggle on their hands." Three months copper was indicated at \$8,455/mt at 0953 Wednesday, down \$65 from its last close, but still hovering at the upper end of its range. The bellwether contract saw frenetic activity on Monday as COMEX copper futures rocketed up to 424 cents/lb, but the trader said Stateside activity had little impact on LME prices: "Crazy moves in New York on Monday set the COMEX copper contract rallying very strongly," he said. "It appears that electronic stock movement triggered it. But its not had that much of an impact on LME prices."

"There have been no obvious trades, nothing to set the world alight," said the trader. "It's a merry go round. Recently established ranges which most of the metals are happy sitting in." Nickel, which has been tracking copper, was indicated at \$28,451/mt, dropping \$397 from Tuesday's close. Zinc also drifted down, easing \$32 to be seen at \$2,248/mt. Aluminium was off \$31, indicated at \$2,942/mt and lead also drifted slightly, bid at \$2,546/mt, down \$9 from the end of Tuesday's session. "[There's] an element of uncertainty in the market and investors are just sitting on the fence," said the trader. "There are less people willing to commit themselves to things. Money flow is confused at the moment. If you are using commodities as a hedge it is unclear at the moment what you should be doing. The catalyst for change could be anything "gold, oil, equities - anything." Standard Alloy was down \$30 at \$2,680/mt and North American alloy was indicated down \$85 at \$2,625/mt.

This commentary was first published in Platts Metals Alert. If you have any feedback about this commentary or want to find out more about Platts Metals products and services, please contact webeditor@platts.com.

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