

## Monday Market Monitor - Metals (WEEK 35) - Optimism prevails

Monday, 31 Aug, 2009

The prices of base metals on LME last week exhibited diverse trends with minor gain posted by zinc, nickel and copper and loss by tin and aluminium.

But optimism prevailed a on US data showing that the economy there did not contract as much as had been anticipated in the second quarter and that consumer spending was up in the US in July, with buyers not deterred by analyst warnings that prices could drop again with inventories up and demand languishing.

### London Metal Exchange Rates

Cash Buyer

?Product	20-Aug	27-Aug	Change	%
Zinc	1803	1817	14	1%
Nickel	19200	19385	185	1%
Tin	14645	14150	-495	-3%
Aluminium	1905	1832	-73	-4%
Copper	6121	6260	139	2%

Change is on August 27th 2009 as compared to August 20th 2009

In USD per tonne

Mr Robin Bhar an analyst at Calyon told Reuters that "Everybody is optimistic. They have been down and out for the last six to 12 months and now there is relief that things do seem to be back on track. The economic data has not disappointed therefore it is adding to the bullish mix of macro data that we have had this week."

### 1. Zinc

#### London Metal Exchange Rates

Cash Buyer

?20-Aug	21-Aug	24-Aug	25-Aug	26-Aug	27-Aug
1803	1808	1838	1805	1824	1817

In USD per tonne

?Date	Rate	Period	Change
20-Aug	1803	WoW	0.8%
24-Jul	1677	MoM	8.3%
27-May	1457	QoQ	24.8%
26-Aug'08	1732	YoY	4.9%

Zinc inventories are at their highest level since late 2005 at 434,600 tonnes.

### 2. Nickel

#### London Metal Exchange Rates

Cash Buyer?20-Aug	21-Aug	24-Aug	25-Aug	26-Aug	27-Aug
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19200	19520	19690	19550	19475	19385
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In USD per tonne

Date Rate Period Change

?Date	Rate	Period	Change
20-Aug	19200	WoW	1.0%
24-Jul	16600	MoM	16.8%
27-May	13305	QoQ	45.7%
26-Aug'08	20190	YoY	-4.0%

Worries remain about nearby supplies for nickel, which have pushed premiums for cash material over the three month contract to around USD 26 a tonne.

### 3. Tin

London Metal Exchange Rates

Cash Buyer

?20-Aug	21-Aug	24-Aug	25-Aug	26-Aug	27-Aug
14645	14395	14800	14595	14220	14150

In USD per tonne

?Date	Rate	Period	Change
20-Aug	14645	WoW	-3.4%
24-Jul	14950	MoM	-5.4%
27-May	13950	QoQ	1.4%
26-Aug'08	20600	YoY	-31.3%

Tin LME stocks rose to 19,765 tonnes, highest since July 2003.

But tin investors remain concerned over the scale of long positions developing in the tin market, as compared with the amount of available metal stored in LME warehouses.

Worries remain about nearby supplies for tin, which have pushed premiums for cash material over the three month contract to around USD 255 a tonne.

### 4. Aluminium

London Metal Exchange Rates

Cash Buyer

?20-Aug	21-Aug	24-Aug	25-Aug	26-Aug	27-Aug
1905	1907	1880	1885	1856	1832

In USD per tonne

?Date	Rate	Period	Change
20-Aug	1905	WoW	-3.8%

24-Jul	1797	MoM	1.9%
27-May	1394	QoQ	31.5%
26-Aug'08	2694	YoY	-32.0%

LME inventories in the metal, used in transport and packaging, gained 625 tonnes to remain at record levels above 4.6 million tonnes.

## 5. Copper

Copper climbed to an 11 month high on Friday, buoyed by improving economic and demand expectations, although analysts warned that weak fundamentals and rising inventories could lead to price corrections. Copper for three month delivery MCU3 on the London Metal Exchange closed up at USD 6,475 a tonne, having earlier hit US 6,549, its highest since September 29 last year.

### London Metal Exchange Rates

#### Cash Buyer

20-Aug	21-Aug	24-Aug	25-Aug	26-Aug	27-Aug
6121	6130	6360	6285	6304	6260

In USD per tonne

Date	Rate	Period	Change
20-Aug	6121	WoW	2.3%
24-Jul	5550	MoM	12.8%
27-May	4660	QoQ	34.3%
26-Aug'08	7580	YoY	-17.4%

But highlighting underlying weak demand, LME copper stocks rose by 1,375 tonnes to 298,925 tonnes, the highest level since June.

India copper futures rose by more than 2% on Friday to hit a 11 month high on renewed optimism about global economic recovery underlined by US data overnight.

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