

## Monday Market Monitor - Metals (WEEK 46) - Depression continues

Monday, 16 Nov, 2009

Base metals ended in the red last week as a revival in the dollar made them look unattractive for holders of other currencies.

On the macroeconomic front, the Dollar Index gained last week after a weekly jobless report triggered strength in the currency and momentum pushed it further through key levels. Investors will now shift their focus to a meeting of Asia Pacific nations and other Asian regional issues, including a US state visit to China next week. The dollar index gained strength yesterday on the back of risk aversion that led to a decline in equities and higher demand for the safe-haven dollar. The bounce back in the dollar has also been a technical factor and the currency may manage to trade above its 15 month lows in the near-term.

We expect base metal prices to trade with a negative bias as there is plenty of speculative money about and as such base metals have recovered to a level, nine months ago, you would never have imagined it. This surge has helped producers to say 'prices are great', so a lot of stuff that ought not to be brought back online, has been or will be.

Improving macro data, Chinese stockpiling, a falling dollar and new investor cash have helped copper prices more than double this year, analysts say.

On Friday, the dollar fell across the board after unexpectedly weak trade deficit and consumer sentiment figures stoked worries about the outlook for a US economic recovery.

### London Metal Exchange Rates

#### Cash Buyer

?Product	05-Nov	12-Nov	Change	%
Zinc	2185	2131	-55	-2%
Nickel	17805	16325	-1480	-8%
Tin	15000	14750	-250	-2%
Aluminium	1885	1918	33	2%
Copper	6527	6470	-57	-1%

Change is on November 5th as compared to October 29th 2009

In USD per tonne

#### 1. Zinc

### London Metal Exchange Rates

#### Cash Buyer

?05-Nov	09-Nov	10-Nov	11-Nov	12-Nov
2185	2188	2121	2155	2131

In USD per tonne

?Date	Rate	Period	Change
12-Nov	2131		
05-Nov	2185	WoW	-2.49%
12-Oct	2061	MoM	3.40%
12-Aug	1784	QoQ	19.42%

12-Nov'08	1080	YoY	97.27%
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In USD per tonne

Zinc ended lower at USD 2,174 per tonne with LME stocks climbing 950 tonnes to total 425,200 tonnes and Shanghai stocks up 7,857 tonnes from a week earlier.

## 2. Nickel

### London Metal Exchange Rates

#### Cash Buyer

05-Nov	09-Nov	10-Nov	11-Nov	12-Nov
17805	17425	16845	17025	16325

In USD per tonne

Date	Rate	Period	Change
12-Nov	16325		
05-Nov	17805	WoW	-8.31%
12-Oct	18805	MoM	-13.19%
12-Aug	19265	QoQ	-15.26%
12-Nov'08	10955	YoY	49.02%

In USD per tonne

Nickel prices fell more than 8% on Thursday and hit its weakest in three and a half months on the back of technical sales and rising inventories. Nickel stocks climbed to a new high since March 1995 at 131,730 tonnes amid soft stainless steel demand. Also, China produced more than 175,000 tonnes of nickel in the first 10 months of the year, up 18 percent from a year ago.

But helping limit losses, China's state backed research group Antaika said on Friday the country's real consumption of nickel may be higher than expected. China is the world's largest metals consumer.

## 3. Tin

### Cash Buyer

05-Nov	09-Nov	10-Nov	11-Nov	12-Nov
15000	14950	14855	14940	14750

In USD per tonne

Date	Rate	Period	Change
12-Nov	14750		
05-Nov	15000	WoW	-1.67%
12-Oct	15125	MoM	-2.48%
12-Aug	14905	QoQ	-1.04%
12-Nov'08	14650	YoY	0.68%

In USD per tonne

The Kuala Lumpur Tin Market is expected to trade range bound this week in the absence of fresh leads amid a weak underlying sentiment. Price of tin is expected to move between US\$14,700 and US\$14,800 per tonne next week with buyers

and sellers not in an aggressive mode.

Although demand for the commodity currently remains flat, the movement of the metal's price on the London Metal Exchange will also have some effect on the local market.

#### 4. Aluminium

##### Cash Buyer

05-Nov	09-Nov	10-Nov	11-Nov	12-Nov
1885	1895	1918	1938	1918

##### In USD per tonne

Date	Rate	Period	Change
12-Nov	1918		
05-Nov	1885	WoW	1.72%
12-Oct	1914	MoM	0.18%
12-Aug	1891	QoQ	1.40%
12-Nov'08	1906	YoY	0.60%

##### In USD per tonne

Among other industrial metals, only aluminium closed at USD 1,940 a tonne. Latest data showed LME stocks fell 2,725 tonnes to total 4.5 million tonnes, extending a recent trend of moves away from record high stockpiles.

But in China, traders and smelter sources said privately held stocks of primary aluminium may have increased more than 40% from August to about a million tonnes.

#### 5. Copper

##### London Metal Exchange Rates

##### Cash Buyer

05-Nov	09-Nov	10-Nov	11-Nov	12-Nov
6527	6564	6470	6595	6470

##### In USD per tonne

Date	Rate	Period	Change
12-Nov	6470		
05-Nov	6527	WoW	-0.87%
12-Oct	6236	MoM	3.76%
12-Aug	6028	QoQ	7.33%
12-Nov'08	3690	YoY	75.36%

##### In USD per tonne

Copper prices didn't decline sharply despite a rise in LME inventories as labour worries cushioned the downside. LME

inventories climbed 4,800 tonnes and crossed the 400,000 mark for the first time since 6th May. A strike at the Antamina copper and zinc mine in northern Peru is looking more likely, with almost half of unionized workers there voting against a final contract offer from management. At BHP Billiton's Spence mine in Chile, employees have called for management to accept their offer to halt the strike that has now lasted for more than a month.

Latest data showed LME copper stocks rose 1,500 tonnes to 403,625 tonnes, the highest since late April. In Shanghai, warehouse copper stocks hit a new 5-1/2-year high.

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