
Monday Market Monitor - Metals (WEEK 03) - Battered and bruised

Monday, 25 Jan, 2010

Copper rose on Friday as funds stepped in to buy after the metal fell to a one-month low on concerns over potential Chinese monetary tightening and proposed sweeping restrictions on US banks. Other metal prices remained depressed.

Investors remained concerned that China will eventually tighten credit in an effort to prevent its economy from overheating, after data on Thursday showed growth surge in the fourth quarter of 2009.

Mr Charles Kernot an analyst at Evolution Securities said that "People are worried that China's going to take some rice out of the bowl, in terms of the amount of money flowing around the Chinese economy. If that rice bowl is taken off the table people go hungry, as it were, and commodity demand isn't there.

The dollar also fell as much as 0.4% against a basket of six major currencies.

London Metal Exchange Rates

Cash Buyer

Product	14-Jan	21-Jan	Change	%
Zinc	2492	2447	-45	-2%
Nickel	18345	18800	455	2%
Tin	18175	17890	-285	-2%
Aluminium	2293	2229	-64	-3%
Copper	7453	7346	-107	-1%

Change is on December 31st as compared to December 24th 2009

In USD per tonne

1. Zinc

Zinc ended at USD 2,350 a tonne Friday closing having fallen more than 5% to a six-week low of USD 2,269.5.

London Metal Exchange Rates

Cash Buyer

14-Jan	18-Jan	19-Jan	20-Jan	21-Jan
2492	2466	2458	2468	2447

In USD per tonne

Date	Rate	Period	Change
21-Jan	2447		
14-Jan	2492	WoW	-1.81%
21-Dec	2408	MoM	1.64%
21-Oct	2114	QoQ	15.75%
21-Jan'09	1205	YoY	103.07%

In USD per tonne

2. Nickel

Nickel ended at USD 18,310 on Friday closing after hitting a more than one week low of USD 18,075.

Nickel stocks rose 564 tonnes to a new record high at 162,270 tonnes, while zinc inventories added 1,100 tonnes to 491,200 tonnes, the highest since October 2005.

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London Metal Exchange Rates

Cash Buyer

14-Jan	18-Jan	19-Jan	20-Jan	21-Jan
18345	18630	18640	18980	18800

In USD per tonne

Date	Rate	Period	Change
21-Jan	18800		
14-Jan	18345	WoW	2.48%
21-Dec	17510	MoM	7.37%
21-Oct	18800	QoQ	0.00%
21-Jan'09	10875	YoY	72.87%

In USD per tonne

3. Tin

During the week, the KLTM market saw easier trade on lack of buying and tracking the weaker LME. For the week just ended, the local tin price declined to USD 17,870 per tonne on Friday closing while on the LME, the tin price slipped by to USD 17,800 per tonne.

The price differential between the KLTM and LME was at a premium of USD 395 per tonne compared to USD 75 per tonne last week.

The Kuala Lumpur Tin Market is likely to be steadier next week led by demand from overseas markets. Tin price is expected to hover between USD 17,900 and USD 17,800 per tonne during the week.

Cash Buyer

14-Jan	18-Jan	19-Jan	20-Jan	21-Jan
18175	17925	17625	17900	17890

In USD per tonne

Date	Rate	Period	Change
21-Jan	17890		
14-Jan	18175	WoW	-1.57%
21-Dec	15870	MoM	12.73%
21-Oct	14725	QoQ	21.49%

21-Jan'09	10800	YoY	65.65%
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In USD per tonne

4. Aluminium

Aluminum ended at USD 2,232 a tonne on Friday closing after earlier touching USD 2,195, its lowest in 6 weeks.

LME inventories of the metal used in transport and packaging fell 5,675 tonnes, but stand above 4.6 million tonnes after hitting a record high this week.

A large chunk of those stocks are tied up in finance deals, to release cash for producers and to earn banks higher returns than they would get in money markets.

London Metal Exchange Rates

Cash Buyer

14-Jan	18-Jan	19-Jan	20-Jan	21-Jan
2293	2292	2243	2253	2229

In USD per tonne

Date	Rate	Period	Change
21-Jan	2229		
14-Jan	2293	WoW	-2.77%
21-Dec	2230	MoM	-0.04%
21-Oct	1860	QoQ	19.84%
21-Jan'09	1400	YoY	59.21%

In USD per tonne

5. Copper

Copper ended higher on Friday, as fund buying gathered steam after prices of the metal fell to one month lows on concerns over potential Chinese monetary tightening and proposed sweeping restrictions on US banks. On the London Metal Exchange copper for three month delivery closed at USD 7,390 a tonne.

This week, copper stockpiles monitored by the Shanghai Futures Exchange fell by the most since December. Mr Adam Klopfenstein, a senior market strategist at MF Global Ltd's Lind-Waldock unit in Chicago said "The copper market is looking for any reason to rally. There was a pretty big drop in Shanghai inventory. It lends a lot of bullish credence to the market."

But indicating that demand outside China remains weak, LME copper stocks continue to forge higher. Inventories fell 450 tonnes, but at 534,200 tonnes levels are around the highest since late February 2009.

London Metal Exchange Rates

Cash Buyer

14-Jan	18-Jan	19-Jan	20-Jan	21-Jan
7453	7506	7442	7445	7346

In USD per tonne

Date	Rate	Period	Change
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21-Jan	7346		
14-Jan	7453	WoW	-1.44%
21-Dec	6875	MoM	6.85%
21-Oct	6346	QoQ	15.77%
21-Jan'09	3320	YoY	121.27%

In USD per tonne

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