

Special Monthly Report on

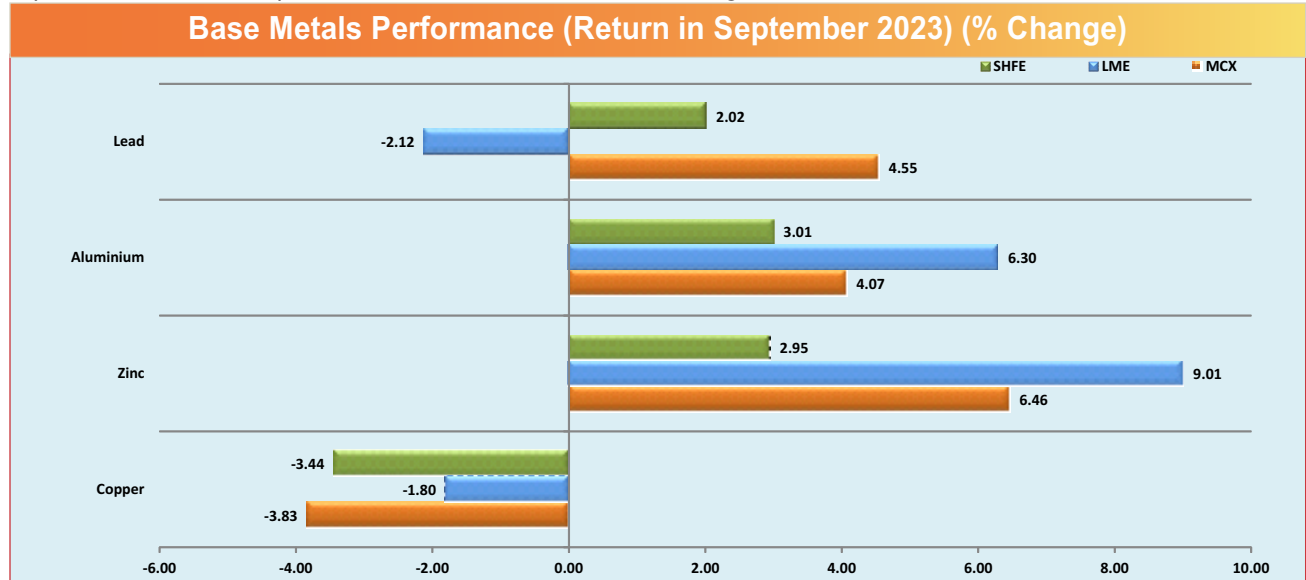
BASE METALS

OCTOBER 2023

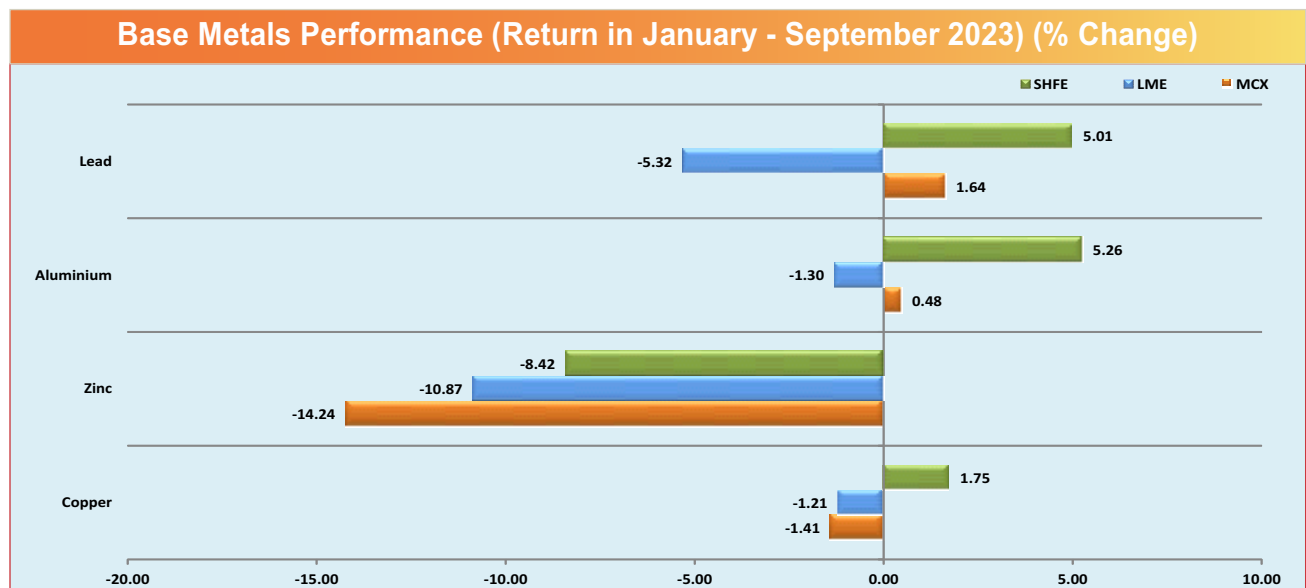


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In September, Base metals, except copper, experienced monthly gains across the board. Copper traded almost 2% lower on LME and almost 4% on MCX due to rising inventories and a rally in the dollar. LME copper inventories leaped 140% so far in September quarter to 167,825 tons, the biggest quarterly increase in 18 years. Zinc prices registered best quarterly performance of 11% since the first quarter of 2022. China's property crisis in the last quarter has been a significant factor in the fluctuation of base metals prices. ING Think pointed out a rise in cancelled warrants of zinc at LME warehouses and declining inventories on the Shanghai Futures Exchange as indicators of increasing demand. Aluminium prices rocketed more than 6% on LME due to resilient demand in top consumer China, falling inventories in exchange warehouses and stronger activity in the country's manufacturing sector. The expansion in China's manufacturing sector in September, which although at a slower pace than in August, helped to reinforce expectations the world's top consumer of industrial metals was stabilizing.



Source: SMC Research & Reuters



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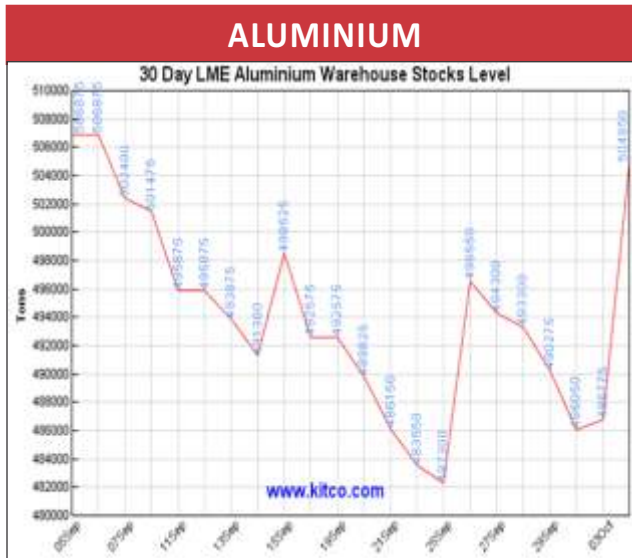
Outlook

- Base metals prices may trade in different direction on mixed fundamentals of tepid demand in top consumer China & rising inflation globally while hopes of more stimuli to bolster economic growth in China may provide some support. Prices are expected to stay volatile in this months impacted by dollar moves and investor sentiment towards China's manufacturing and construction sectors.
- China's property crisis is seen as one of the biggest stumbling blocks to a sustainable economic recovery, with rising risks of default among private developers threatening to imperil the country's financial and economic stability.
- While China's embattled property sector is still struggling to recover, the Goldman Sach noted that China's green economy has shown "significant strength" so far this year, resulting in a demand surge for metals related to the green transition, such as copper.
- China's industrial production grew by 4.5% in August compared to a year ago, beating expectations for 3.9% growth. And within that category, the value added of equipment manufacturing grew 5.4% year on year.
- Copper output in Chile, the world's largest producer of the red metal, rose 2.7% year-on-year in August to 434,206 tons.
- In the first seven months of 2023, the world refined copper balance, based on Chinese apparent usage (excluding changes in bonded/unreported stocks), indicated a preliminary surplus of about 215,000 t. The world refined copper balance adjusted

for estimated changes in Chinese bonded stocks indicated a market surplus of about 243,000 t.

- LME inventories of copper rose to 168,425 tons, leaping 211% since mid-July.
- Chinese aluminium demand over the past couple of months has been improving while aluminium stocks in warehouses monitored by the Shanghai Futures Exchange are sliding. ShFE aluminium stocks at 79,194 tons have tumbled 75% since the middle of May and are at their lowest since December 2016.
- Japan's primary aluminium imports fell 16% from a year ago to 95,630 metric tons in August, bringing the drop so far this year to 30%, trade data released by the Ministry of Finance showed

BASE METAL MONTHLY TECHNICAL REPORT



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