

BASE METALS MAY STAY SUBMISSIVE

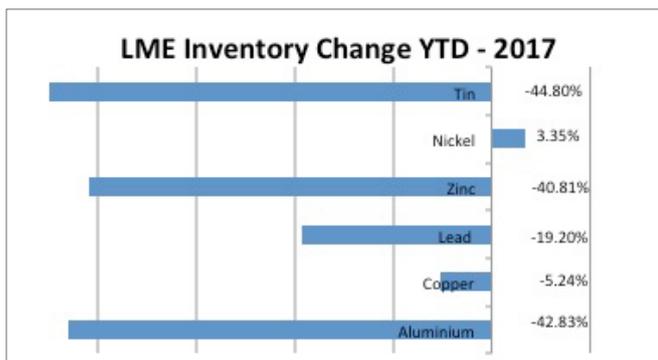
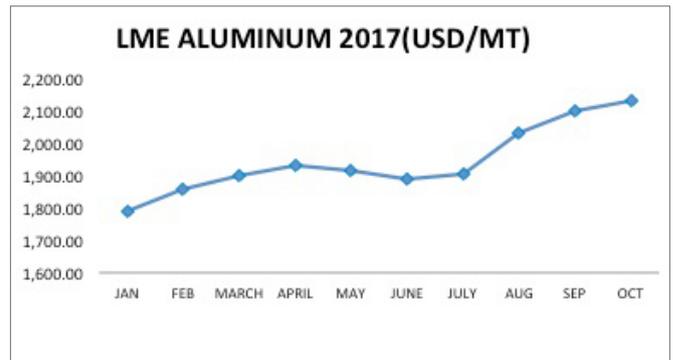
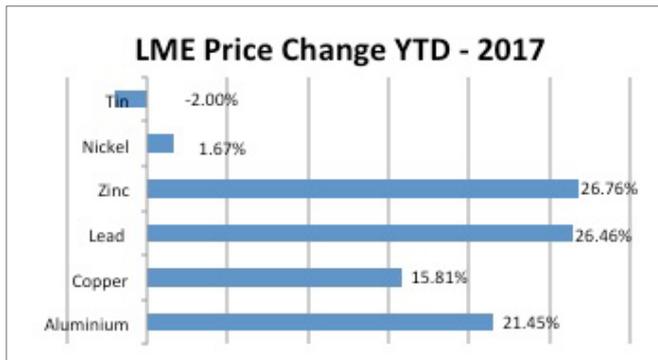


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Base metal prices found their momentum on the London Metal Exchange. Copper prices steadily backed by news of industrial action in Peru and Chile, and with supply disruption caused by suspension of Econdida copper mine operations, brought three-month price to rally, hitting \$7000. Lead, aluminum and nickel prices established new highs due to a weakening dollar, index recently down by 0.40 percent from September this year. Zinc supply will remain a concern as Chinese demand is expected, increasing deficit by the end of the year.

ALUMINIUM

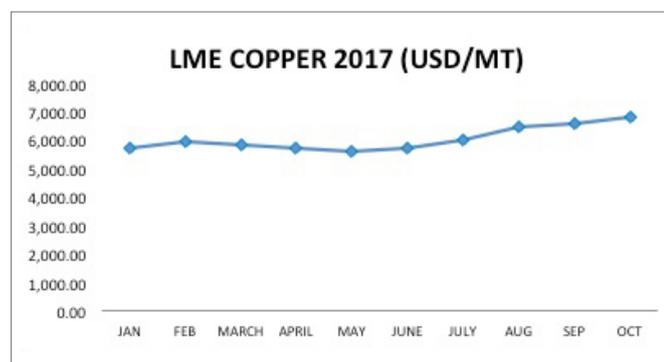
Aluminium prices mostly remained stable, though demand was strong from smelters, which brought about by thriving supply from the scrap market. Spot demand is expected to decline by the end of Q4; however current inquiries imply solid demand in the first quarter of 2018. Moreover, news about China's capacity cuts as well as US secondary aluminium producer, Real Allow's bankruptcy filing brought about uncertainty in the market and could gear up prices in the near term. We see prices trading at \$2,050.00 - \$2,150.00 in December.



COPPER

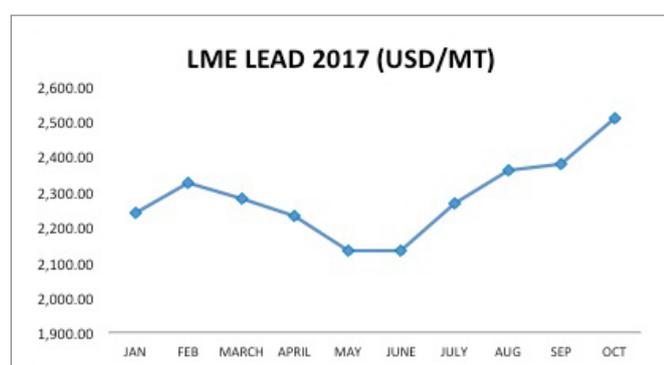
The market appears robust this year, motivated by continuous growth in the major consuming sectors. Copper seems to be moving toward a positive trend, price reached \$7000 in Q4, which was last seen in July 2014. Such trend inclines selling in the market, which seems to be well supplied from the emergence of accumulated stock piles that were built up over the years when prices and demand were low. However, the market may still be skeptical of embracing copper's position as prices tend to exaggerate time to time. On

the other hand, copper scrap spread is expected to stay uncertain, possibly till mid-2018. Scrap dealers will be carrying over excess inventory till next year that most spot consumers are aware of. In December, we see prices trading at \$6,750.00 - \$ 6,950.00.



LEAD

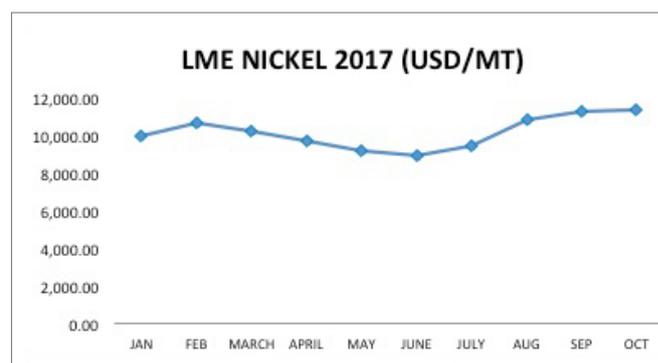
Lead prices rallied to \$2620.50 per ton during early Q4, a high not seen since August 2011. However, such position may be short-lived when mines such as Glencore, LeadFX and Dugald Riverzince restart, which will bring forth additional supply of about 200,000 tons per year. A global supply increase of 1.1 percent is expected in 2018, with Chinese mined lead supply forecast to rise by 1.2 percent, while ex-China growth was pegged at 1.1 percent, according to the ILZSG. China, the world's largest producer and consumer of lead, recorded refined lead imports six times more in October as per its customs data. We see lead prices trading between \$2,400.00 - \$2,500.00 in December.



NICKEL

Nickel recently rebounded in Q3 this year in anticipation of increase in demand from stainless steel and battery sectors. According to the International Nickel Study Group, stainless steel makes up 68 percent of global primary nickel demand. Long term demand for high-purity nickel is expected along with increasing investment in battery production. In 2016, batteries

accounted for about 5 percent consumption but this ration is expected to increase to around 13 percent by 2025, said Barry Jackson, Anglo American nickel market intelligence manager. Batteries for electric vehicles will consume up to 325,000 ton per year of nickel in 2025, up from 100,000 ton per year in 2016, he added. In December, we see prices trading between \$11,450.00 - \$12,850.00.



ZINC

Three months price on London Metals Exchange increased by about 26 percent in mid Q4 from the beginning of the year. The strike that started in February 2017 at Salaberry de Valleyfield, North America's second largest zinc smelter, has ended. When during the strike, the processing facility has been operating at 50 – 60 percent of its actual capacity which brought down 2017 Jan to Sep output by 34 percent year-on-year. Supply condition of zinc concentrates in China seems to tighten as smelters have started stockpiling early this year. China's mined zinc supply is expected to grow 6.8 percent in the period, while for the rest of the world it is estimated to grow at 5.5 percent, according to the International Lead and Zinc Study Group (ILZSG). We See prices trading between \$ 3,150.00 - \$ 3,250.00 in December.



* Source: LME, Bloomberg, Reuters, FCStone and Sayed Metal Commodity Risk Analysis

Disclaimer: This commentary does not purport to be an exhaustive analysis and maybe subject to conflict. This report does not constitute a recommendation or take into account the particular investment objectives, financial conditions, or need of individual investor/trader. Issue date November 2017.