

# Monthly Report – April 2017



**April** saw a minus sign in equities, commodities and the US-Dollar all falling as risk aversion related to tensions over North Korea's nuclear menaces and geopolitical turmoil. Dollar related markets were hit over the course of the last two weeks of the month as diplomacy failed to find ground after US airstrikes in Syria and Afghanistan. The Dollar Index (a basket of currencies against the green coinage) lost over 3 % in a week with the Euro strengthening on preliminary French election debate but undermined by Theresa May's call on UK early parliamentary election for June 8 and turbulent Brexit relations with Brussels. Only safe haven gold profited as usual from these circumstances and recorded this year's highest price on the 18<sup>th</sup> of April, back at levels last seen at the beginning of November.

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**Copper** along with most base metals showed a V move in the 3 month price graph. The month started well at 5.944 \$/t as April highest on the 5<sup>th</sup> but rapidly losing ground and bottoming on the 19<sup>th</sup> at 5.530 \$/t almost back to this year's lowest in early January. In Euro terms the average price dropped over 130 € or 2.5 % since March at 5.316 €/t (cash). Despite last month's output stoppages ceased and Chinese refined imports rose over 26 % LME warehouses showed a massive decrease of over 30.000 tons equaling 10 % of global availability.

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**Zinc** was amongst the worst performing metals starting the month on the downside from the recent 2.900 \$/ mark moving from April's highest at 2.811 \$/t (3 month) on the 5<sup>th</sup>, same as copper, to rapidly collapse towards 2.517 \$/t on the 18<sup>th</sup> and recovering very slowly towards the fourth week. The average Euro price was down almost 6 % at 2.457 €/t (cash) from April, all these news are putting at risk new production plans pushed by recent price hikes that were helping the physical market to get balanced after Glencore's announcement last year of capacity cuts. Indeed International Lead & Zinc Study Group data show global market deficit of 2kt in Jan - Feb 2017 against 44kt surplus a year ago. LME locations stood at 348.225 tons, over 6 % lower than March stocks.

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**Nickel** lost 5.8 % on April average price at 9.023 €/t (cash). The LME 3 months price resisted on the 10.000 \$/t level for the first week and then lost quickly ground getting to a 10 month low at 9.185 \$/t on the 27<sup>th</sup>. Physical production keeps being jeopardized by political and environmental issues but Philippines open pit mine ban proposition is being balanced with Indonesia easing on its ore export ban. Jakarta's officials said the country could export almost half of what Manila sold to China in 2016, LME inventories are almost unchanged since last month standing at 379.000 tons.

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**Tin** was able to regain ground over the fall of metal prices in April with average prices almost unchanged at 18.635 €/t (cash) but registering intra month high volatility with highest mark at 20.380 \$/t on the 6<sup>th</sup> and the lowest just a week after at 19.300 \$/t. Most of the action was seen on physical availability, although China abolished 10 % export tax on refined tin LME stocks fell to multi-year low registering less than 3.000 tons being hold in registered warehouses while the cash to 3 months spread in Euro went into heavy backwardation