

Monthly Report - August 2017



August was quite a surprise for commodities. Markets were all but quite and calm during the summer holidays and yet it looked like people had not gone on vacation considering volatility and volumes. Geopolitical turmoil was on the back of this rise in prices with tension in the Korean peninsula that triggered most of the investors to move to base metals and other raw materials, apart from gold which is the usual safe haven in period of crisis. The recent nuclear threat by Pyongyang showed though a new position on markets with the US-Dollar, usually strengthening in such situation, losing ground fueled also by recent problems in the Trump administration. The Dollar Index indeed at the end of the month fell to historic lows seen very briefly in May 2016 and January 2015 when the trend was on the upside.

Copper was already on its high at the end of July and continued its journey from \$/t 6.300 to \$/t 6.500 on the 3 Months price in the first week while getting back to the former level in the second week. Once missiles started flying from North Korea the path was to reach without pace towards new record highs over the 6.800 \$/t mark with an almost 9 % increase in one month of trading. In € terms the average price for August was just short of 5.500 €/t with a 300 €/t difference from July while the stocks hemorrhage kept going with another 72.000 tons of copper less in LME warehouses than the previous month holding at 223.500 tons, let's see when this will end.

Zinc keeps showing no sign of shyness and has topped in August even pre Lehman crisis level reaching 3.200 \$ per ton on the 3 Months price. Once again production deficit in China fuelled August's appetite for this metal with an increase of approximately 15 % leading to a rise of the average price to 2.530 €/t, 110 €/t higher than July. LME stocks lowered to 244.025 tons representing another plunge in inventories now to their lowest since December of 2008.

Nickel outperformed in August with being carried away by side moves in the Chinese iron ore and ferrous scenario. The 3 Month price surged over 17 % to new highs over 11.800 \$/t and nearly 1.000 €/t on the average August price above 9.200 €/t. LME inventories reacted less on the price move and stocks rose 4 % to 388.824 tons.

Tin has seen basically no change in its August trend with an almost perfect V move equaling the Dollar price from beginning to the end of the month at its top 20.700 \$/t with the lowest reached on the 16th at 19.900 \$/t. The € average price actually saw a 1 % decrease just short of 17.500 €/t with LME warehouses down 3.8 %