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April brought no spring airiness and instead the Russian march continued into Ukraine and bordering territories. There was not a clear outcome of further EU and US sanctions in terms of lowering attacks, neither from a political nor economic point of view; **not even the visit of UN Secretary Guterres in Kiev stopped the bombing** of the city. Commodity wise it will be a long route to overcome banned Russian material and the now non-existing Ukrainian production; base metals are already creating **bottlenecks in European supply chains** because of sanctions, let alone grains, precious metals, rare earth, oil & gas which contribute to a much higher degree to the continent's consumption. This partly explains why the latest Reuters' Metal Polls show such a bullish outlook on the future, with some record double-digit growth numbers (the difference in bold is from January's polls, before the Ukrainian invasion and the nickel hustle):

	2022			2023		
	MEDIAN $ PRICES			**MEDIAN $ PRICES**		
	New	Jan	**Diff**	New	Jan	**Diff**
ALUMINIUM	3.300,00	2.780,00	**18,71%**	3.000,00	2.642,00	**13,55%**
COPPER	10.000,00	9.370,00	**6,72%**	9.000,00	8.700,00	**3,45%**
LEAD	2.253,00	2.155,50	**4,52%**	2.190,00	2.089,00	**4,83%**
NICKEL	27.042,50	19.921,00	**35,75%**	21.875,00	18.925,00	**15,59%**
TIN	40.900,00	34.880,00	**17,26%**	35.250,00	31.307,50	**12,59%**
ZINC	3.694,00	3.225,00	**14,54%**	3.200,00	2.900,00	**10,34%**

In a shorter-term view, things looked a bit more troublesome for the base metal complex in April as the **LME index shed more than 7%**. On the contrary, the **Reuters-Jefferies Commodity Index had a strong month** on the back of rising energy prices, gas especially, topping 315 points (last seen in 2015) then losing a bit of steam towards month end. Possibly neither of them will lough last, the global complex is heavily battered by opposite factions' strategies both in raw material supply and in political relations. The UK is scrutinizing its "golden visa" policy, which has favoured Russian oligarchs over the years and **Chinese data show a haemorrhage of foreign investments**. As published by ISPI, quoting *China Central Depository and Clearing, there has been a sell-off of 17 billion$*, mostly bonds, in the first two months of 2022. Covid measures and political ties to Putin put a heavy dent in Chinese economy, backed by continuous lowering PMI data since beginning of the year.

Moving to another continent, the US are showing solidity with an almost **20 year high Dollar Index**, topping 103 points towards the end of April and 10-year Treasury yields hit highest level since 2019. The FX rate increase was especially strong against the **Euro (down from 1.1076 to 1.1049)** with the greenback strengthening as EU sanctions grew against Russia and announcements to stop gas flows.

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In the end, here is how the beloved four metals performed:

	HIGH	LOW
COPPER	$ 10.580 on 5TH	$9.675 on 28TH
ZINC	$4.540 on 19TH	$4.046 on 29TH
NICKEL	$35.115 on 19TH	$31.700 on 29TH
TIN	$45.000 on 1ST	$38.858 on 25TH

Copper lost its magic touch in April. Despite the great correction in March, prices held up well in the 10.400$ range finding **support** at the old **10.160$** trend line for three weeks of trading. On the 25th copper was in **freefall of 400$** as fresh news shocked markets, starting with the Fed's decision to strengthened the dollar with yet another interest rate increase. Then from overseas China's newest outbreak of Covid showed the weakness of the "total lockdown" governmental policy as Shanghai, one of the biggest cities and a major logistic hub, was completely shut down curbing commodities' demand for the Asian powerhouse. Secondly, "*Copper inventories at warehouses tracked by **Shanghai Futures Exchanges** slumped unexpectedly after virus lockdowns disrupted metal flows. **Copper holdings -21% to 69,855 tons** as of Friday, lowest since January and well below seasonal levels in recent years, according to bourse data. **That doesn't point to a demand recovery, but is because of logistics problems caused by Covid-19 restrictions**, said Fan Rui, an analyst at Guoyuan Futures*" (Bloomberg). On the opposite front, LME warehouses soared 66% to over 150.000 tons showing how little appetite was around. The narrative is not homogenous across locations; Rotterdam and Hamburg were quite in line with flows of material given the recent LME ban of Russian cathodes while in **Korean, Singapore and Taiwanese warehouses, inventories five folded**! This conjunction moved the recent Cash to 3 Months spread from a monthly backwardation market towards contango by the end of April.

Zinc found its way to keep impressing markets even after the one shot, skyrocketing intraday move in March when it almost reached 4.900$ and then tumbled on the same day. Even without market shocks, zinc was up all of the first week of trading "*as a rapid fall in the amount of metal available in the London Metal Exchange (LME) warehouse system added to fears of supply shortages. The metal used to galvanise steel is **up about 25% this year after rising 28% in 2021** and touching a record high last month. "Zinc stocks are already very low," said ING analyst Wenyu Yao. "There's not much of a buffer." **On-warrant** inventories of zinc in **LME-registered warehouses fell to 78,125 tonnes**, the lowest since May 2020 and down from about 130,000 tonnes in mid-March. High energy prices have forced some zinc smelters in Europe to curtail production and Russia's demand for payment for gas in roubles has raised fears of supply shortages or still higher prices*" (Reuters). So although the price corrected in mid-April around 4.200$, it was again on the rise along with the ever falling stocks in LME warehouses, hitting its **month high above 4.500$**. On the 25th, similarly to copper, the metal fell despite the bullish sentiment, on the back of Fed's move but still holding the 4.000$ area. In € terms the **average price rose above 4.000€/t** while the last count of inventories in April showed an over 30% drop from March below 100.000 tons.

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KME

Nickel found some peace price wise in April after the turmoil in March. The LME "mismanagement" of the crisis is far from being over; both the Bank of England and the Financial Conduct Authority are investigating on what happened. From a market point of view, appetite has sunk both on the London Bourse and in Shanghai, open interest lowered and regardless of the recent material ban on nickel giant Norilsk, prices have swung between **32.000$ and 34.000$** without any shocks. The positive news came from the supply side: *"Global copper and **nickel smelting activity rose in April even as COVID-19 lockdowns intensified** in top producer China, data from satellite surveillance of metal processing plants showed on Wednesday. The latest COVID-19 outbreak in China, which accounts for a large portion of metals production, triggered lockdowns and other tough curbs that have caused havoc in supply chains."* (Reuters)
*"Bukaka Teknik Utama is spending **about $2 billion to build nickel smelters** powered by river water, as the engineering company seeks to enter the booming electric-vehicle battery industry. President Joko Widodo's ambition for Indonesia to have its own end-to-end electric vehicle battery industry is starting to come together."* (Bloomberg)

Tin was again on a bad mood in April and on its worst monthly performance since 2020 despite a promising start. March ended with a more than 10% increase this year on the back of lowering LME warehouse inventories, high-energy prices and Covid related hiccups in logistic while demand has been very strong. "*But this past month was obviously different as **tin's fundamentals have improved** since March, mainly on account of **more supply from Indonesia and softer demand** seen out of Europe and the US. In China, the deteriorating Covid situation has not yet substantially impacted refined tin consumption yet. In fact, the high domestic price environment has elicited a large increase in imports. Latest customs data shows **China importing** 28,986 tons of tin ores and concentrates in March, representing 11,100 tons in metal content – an **increase of 85%** both from a month year-ago levels. Meanwhile, the country imported 1,946 tons of refined tin in March as well, the highest since July 2020"* (ED&F Man). Easing supply constraints and surprisingly increasing LME stocks explain the one-sided price move to its monthly nadir on the 25th (finally lower than 40.000$) and shining a different light on Tin's usual narrative.