

June had a specular trend compared to May with the only common thing being the leitmotiv of uncertainty surrounding the trade dispute between China and the United States. "U.S. President Donald Trump threatened to impose a 10 percent tariff on another \$200 billion of Chinese goods. China's commerce ministry described the threat as "blackmailing" said Beijing would fight back with "qualitative" and "quantitative" measures" (Reuters). Having said that the switch of tendency from metals to commodities in general (see previous commentary issue) saw the LME Index rising in the first week, stabilizing in the second and freefalling in the last fortnight for a total 5% loss. The Thomson Reuters Commodity Index on the other hand contained losses thanks to oil (WTI gained over 12%) helping this indicator drop "only" 2.5%, even safe heaven gold lost over 3.5%. Back to our beloved industrial metals, here's a quick look of June's price performance:

MONTHLY HIGH'S AND LOW'S

	HIGH	LOW
COPPER	7.348\$ on 7 TH JUNE	6.589,50\$ on 28 TH JUNE
ZINC	3.220\$ on 6 TH JUNE	2.815\$ on 26 TH JUNE
NICKEL	15.845\$ on 6 TH JUNE	14.505\$ on 27 TH JUNE
TIN	21.300\$ on 7 TH JUNE	19.560\$ on 29 TH JUNE

Copper began the month in the 6.700-7.000 \$ range but troubled negotiations between with unions on contract renewal at Escondida mine (one of the world biggest) and Chinese further turn of the screw on scrap imports quickly lifted the price to an over 4 year high. Copper slowed then it got smashed as negotiations at Escondida moved forward and Sino – American trade tensions grew, in the end it reached an 800\$ downward move from highest to lowest. Also stocks tumbled on political concerns, LME inventories fell 9% back to January's levels with Comex and Shanghai warehouses also diminishing. Cash to 3 Months copper spreads went bananas pinballing from backwardation to contango with huge daily spreads move. As the US\$ gained ground the € average copper price actually rose 3% compared to May, reaching almost the 6.000 € mark.

Zinc has been the star for quite a while over the past months but seems to have undergone a major popularity drop lately. The underlying story for its price increase has been the production deficit phantom so as LME inventories actually rose since the beginning of spring and both ILZSG (International Lead And Zinc Study Group) officialised a market surplus and Chinese zinc output was up 0.4 percent the fairy tale turned to nightmare. The news of potential refinery production cuts in China did not stop the fall, the price dropped below 2.900\$ and LME inventories rose 1.5% from May while the backwardation skyrocketed to almost 60\$. Same as copper the €/ \$ ratio made the average price rise 2.5% to 2.650€/t.

Monthly Report - June 2018



Nickel kept its a multiyear performance, the overall metal decline made the price tumble towards the end of the month (in € terms it actually improved over 6% just short of 13.000€) while the supply/demand side had a mixed picture in June. Production in the Philippines suffers from ambivalent governmental mining policy, although the deficit has eased globally China has dropped production due to environmental inspections and LME inventories continue to dip, this month -16.000 tons.

Tin was smashed this month registering also the 2018 nadir with a freefall after breaking the 21.000\$ level while the average price is unchanged at 17.700€.