

Monthly Report - November 2017



NOVEMBER had a quiet mood despite many headline news. The Thomson Reuters CRB Commodity Index ended almost unchanged, there has been a small hike in the first week with a sharp V move from the second on until the end of the month. Although markets were keen to learn the outcome of OPEC meeting, President Trump's tax reform and evolution of the demand/supply ratio on base metals, November ended as it started with some exceptions for single contributors to this multi item basket of raw materials. A different story was seen on the FX side with the € moving from its lowest on the 7th at 1.1552 against the US\$ towards, 1.196 on the 27th with a 150 point increase on the 14th when "Eurostat, the European Union statistics office, confirmed a preliminary estimate that euro zone gross domestic product (GDP) grew 0.6 percent from July to September from the previous quarter and on a year on year basis was 2.5 percent higher. "Because of that, this could well be its strongest year for growth since 2007. The euro zone will likely outpace both the U.S. and UK in terms of GDP growth in 2017," ING economist Bert Colijn said. Euro zone GDP grew 3.0 percent in 2007, and reached 2.1 percent in 2010 and 2015. Partly as a result of the growth, euro zone investments have turned in one of their best years since the single currency was born in 1999, confounding many who had bet on the bloc to be the disaster play of 2017." (Reuters)

Copper had a very dynamic move in November with the price graph bouncing between 7.025\$ and 6.757 \$ as these are recent important support and resistance trend lines. Spread wise we have seen good contango on the Cash to 3 Months especially as copper plunged to its lowest amid November at 39\$ almost doubling the 22\$ mark when the month began. From an inventory point of view LME warehouses fell to their lowest in 2017 even lower than march with a 32%, almost 90.000 tons default from the end of October ending up at 183.525 while Comex (Chicago Mercantile Exchange) warehouses had an almost 50% or 40.000 tons inflow.

Zinc had also an erratic price curve that in a way resembled copper. It started on its high at 3.326\$ still in full swing from October's uptrend and marking another record this year as this price was last seen on the market in August 2007! Graph wise zinc experienced a bit of a roller coaster across the month dropping almost 7% in two weeks to its nadir at 3.101,5\$ then recovered and fell again while the Euro average price ended at 2.758€/t, 1% lower than the previous month. What sounds a bit more interesting in this statistic is the evolution of the backwardation, despite the constant fall of LME inventories of almost 45.000 tons from October (again a multiyear record since December 2008) the Cash to 3 Months differential went schizophrenic on news and rumors on supply/demand fundamentals. The backwardation went to a maximum of 52\$ to less than half towards month.

Nickel in November recalled the lyrics of The Alan Parsons Project song "What Goes Up Must Come Down", a new fresh record was hit on the very first day breaking the 13.000 \$ level seen last in mid 2015 pressured upwards on the bullish sentiment described in the October commentary. As speculation faded on solid news of forecasted production expansion in Indonesia and increasing exports to China also from the Philippines and we hit the 14th of November the pressure on nickel dropped but regardless of a small recoup in the third week the price ended almost 2.000\$ lower from the peak on its lowest for the month at 11.109\$ on the 30th. The € average price was actually higher than the previous month and not just peanuts, a 6% increase was registered hitting 10.223€/t.

Tin was rather unaffected by all the above and traded in a rather narrow 400\$ range between 19.700\$ and 19.300\$ with no great news across the month and a € November average price at 16.680 4 % lower than October.