

Metal Matters

Your Weekly Update on the Global Metal Markets

Week In Review

As we all are aware, Russian President Vladimir Putin announced a Russian military operation in Ukraine, which threw markets into turmoil early Thursday. The Dow Jones sank nearly 700 points in early trading. The Moscow Exchange (MOEX) plunged as much as 52%, wiping out a shocking \$259 billion – the biggest drop since records began. However, the European, Asian, and US markets rebounded slightly on Friday, with the NASDAQ rallying over 1,000 points and the Euro Stoxx 50 gaining almost 200.

Ukrainian President Zelensky vowed that his people would fight, with former heavyweight champions Wladimir and Vitali Klitschko (now the Mayor of Ukraine) signing up to defend their country. Zelensky also prohibited males aged 18-60 from leaving the country. US stock-index futures tumbled again, however, late Sunday after Putin raised Russia's nuclear alert level following broad new sanctions from the West, with the EU prohibiting any Russian flights in their air space and freezing his, and his Minister of Foreign affairs, Lavrov, assets.

In other news, President Biden kept his vow to elect the first Black female to the US Supreme Court, nominating Ketanji Brown Jackson for the position.

Metals in the News

As geopolitical tensions escalated, Gold hit an intraday high of \$1,974/oz on Thursday, the highest in 9 months. While losing much of those gains after global equities rebounded, it is still 5% higher month-to-date, trading around \$1,895/oz currently. History has shown that Gold benefits from tail events linked to geopolitics,

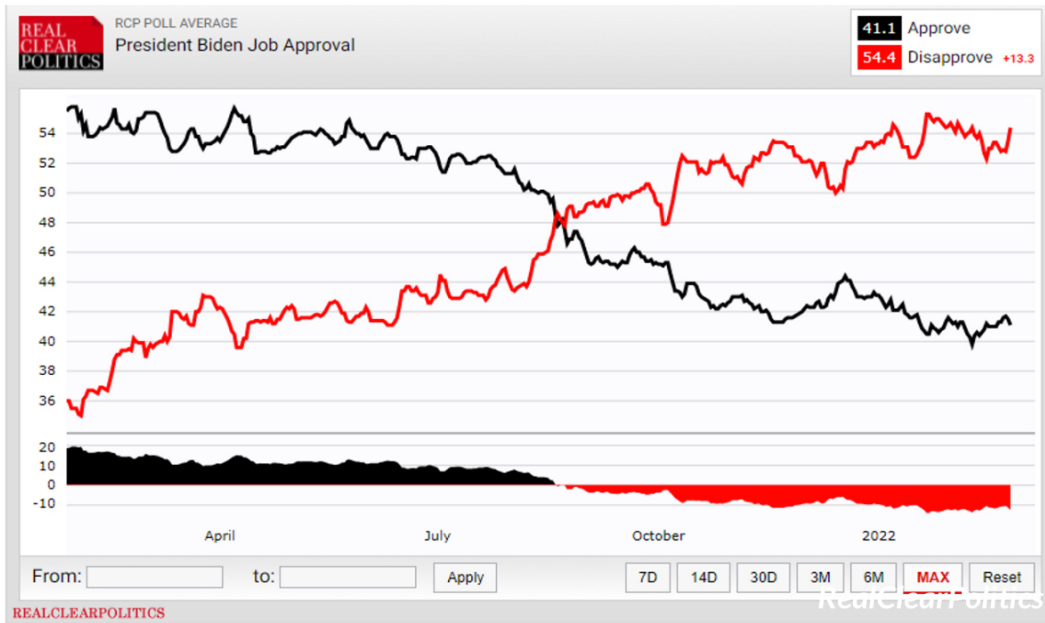
Aluminium and Nickel led base metals lower on Friday as sanctions against Russia proved less severe than feared. However, risks to energy supply remain high, with electricity prices at elevated levels. There are also worries that sanctions on Russian banks could impact physical commodity markets, with Russia being the third largest producers of Aluminium and Nickel.

Palladium prices rallied 8% last week, again on the back of Russian tensions. Russia is the number one supplier of Palladium, with one mining company alone supplying 45.6% of global Palladium supply. It was trading above \$2,680/oz, the highest level since August last year. However, after global equities rebounded on Friday it sank to \$2,361/oz, gaining 1% for the week.

The Week Ahead

The weeks economic data kicks off with a speech from ECB President Lagarde, with focus on whether the Central Bank will raise record-low interest rates after vowing to decrease bond purchases due to inflationary pressures. On Tuesday, the US will release data on its manufacturing PMI, a proxy for growth in the factory industry. It fell for a second straight month in January, but consensus estimate that it will rise this time around. On Wednesday, CPI data for the Euro Area will be released, with figures rising 0.37 in January, reflecting the overall global inflationary environment that the US and the UK have been experiencing. On Thursday, the Euro Area will also be releasing unemployment rate figures, with the US doing the same on Friday.

Graph of the Week – President Biden’s Approval Rating



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