

# Metal Matters

## Your Weekly Update on the Global Metal Markets

### Week In Review

Inflation is proving to be anything but transitory as US Wholesale inflation rose 0.8% in February, making it a 10% year-on-year increase for the second month in a row. Import prices also surged 1.9% in the past month- the largest in 11 years and contributing to growing US inflation. On Wednesday, the Federal Reserve announced it will raise interest rates by a quarter percentage point, laying out plans for more increases throughout the next two years before reaching a rate of 2.8% in 2024; rates at this level would start to dampen economic growth, according to Fed calculations. The Bank of England followed suit with the rate hike, raising the UK funds rate a quarter percentage point to 0.75%. After a turbulent week, a broader market rally had the Nasdaq up 8.59% and the Dow Jones up 5.32% for the week.

### Metals in the News

Gold prices sank 3.4% for the week to end at the \$1,922/oz as peace talks and cease fires between Russia and Ukraine made their way into global headlines. As conflicting narratives surround these negotiations and inflation remains rampant, there is no reason to give up the medium to long-term bullish view on Gold, says City Index.

Silver finished lower for the week at \$24.92/oz as traders focused on the rebound of the US Dollar. The Gold/Silver ration finished above 77, which is bearish for Silver. The move below the previous support level of \$25.00/oz means that the new support level is at \$24.70.

### The Week Ahead

The week's economic data kicks off with Fed Chair Powell giving a speech on Monday, further discussing the decision to hike rates 25 basis points and how the war in Ukraine will cause additional upward pressure in prices. On Wednesday, UK year-on-year inflation rates for February will be released, with consensus figures estimating a 0.4% increase from January and rising 5.9% from the year before. The figures for the Markit Composite Purchasing Managers Index for the UK in the month of March will be released on Thursday, after numbers in February showed a steep rise in that signaled the sharpest increase in output since June of last year.

Hedge funds have ramped up commodity exposure as prices surged during geopolitical turmoil – the energy sector saw the most net buying from hedge funds last month compared to other asset classes. The combination of the buying and energy's out performance resulted in net exposure reaching a two-year high for the hedge fund community.

### Russia's Commodities Reach

The share of Russian exports that go to each destination



Note: Coal figures combine thermal and metallurgical; liquefied natural gas and pipeline gas are also combined.

Sources: UN Comtrade Database (metals); International Energy Agency (coal); UN's Food and Agriculture Organization (wheat; sunflower oil); Joint Organisations Data Initiative; Bloomberg; Eurostat; BP; (crude); Trade Data Monitor; Green Markets, a Bloomberg company (fertilizer); BP (gas)

### Chart of the week

Whilst much has been made of Russia's energy exports, it is a major exporter of a range of commodities, including many of the metals vital for the net zero transition.

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