



بنك الإمارات دبي الوطني
Emirates NBD

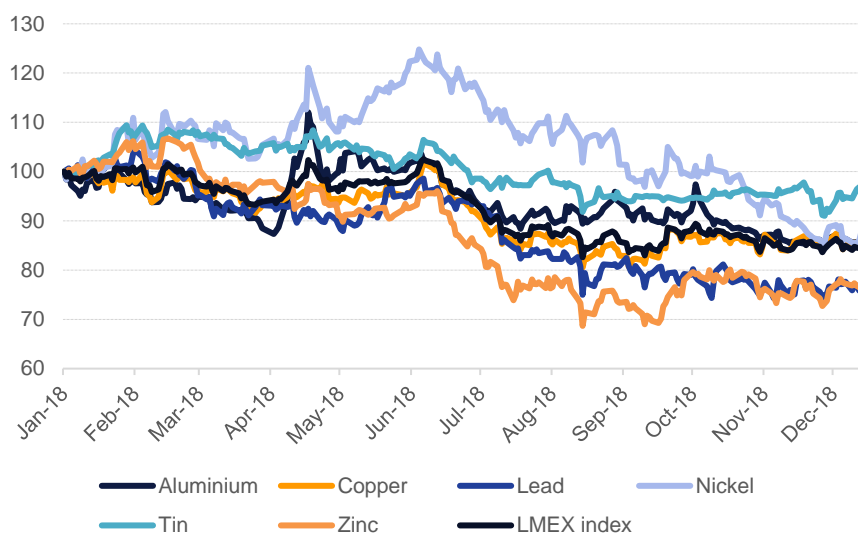
Commodities

17 December 2018

Metals tentatively look forward to 2019

Industrial metals markets have endured a lackluster year, battered by concerns that a China-US trade war would dent demand and suffering from growing anxiety over economic conditions in major emerging markets. All of the major LME metals are on track to record a loss this year: the LME index has given up 16% year to date. Most metals have been trading in relatively well defined ranges for the last quarter of the year although all of them are within reach of 2019 lows.

Metals endure a lackluster year



Source: Eikon, Emirates NBD Research. Note: Jan 1 2018 = 100.

We had relatively cautious 2018 forecasts for the LME complex when we rolled out projections for all six metals and we have held reasonably close to our initial forecasts over the course of the year for all metals barring nickel. Our call on average LME 3mth copper at the start of the year was USD 6,462/tonne compared with a most recent forecast of USD 6,553/tonne and an ytd average of USD 6,563/tonne (less than a 2% divergence from our initial expectation).

Looking ahead into 2019 we have a positive view on most metals but note that Q1 2019 will be subject to enormous uncertainty. As a supportive factor we still see Chinese authorities stepping in to support the economy from slowing too rapidly even as concerns over local government debt haven't dissipated. But the dominant factor on the trajectory for metals will be the outcome of trade talks between the US and China. The trade war is on hold at least until March but while both sides have an incentive for a positive outcome to talks we can't rule out negotiations breaking down and metals prices falling victim to mercurial tweets of the US president.

	Jan 2019	Apr 2019	Jul 2019	Oct 2019
Aluminium	2,050	2,150	2,150	2,250
Copper	6,000	6,500	6,750	7,000
Lead	2,019	2,167	2,240	2,313
Nickel	12,125	12,500	12,750	13,250
Tin	21,000	20,750	20,750	20,500
Zinc	2,414	2,581	2,663	2,745

Source: Emirates NBD Research. Note: quarterly average USD/tonne.

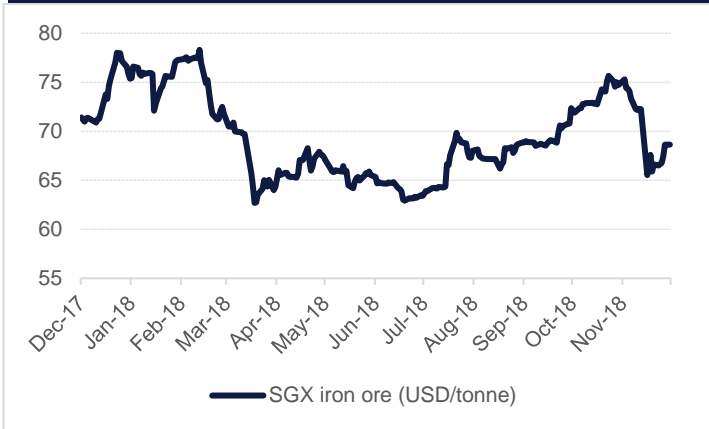
Edward Bell

Commodities Analyst

+971 4 230 7701

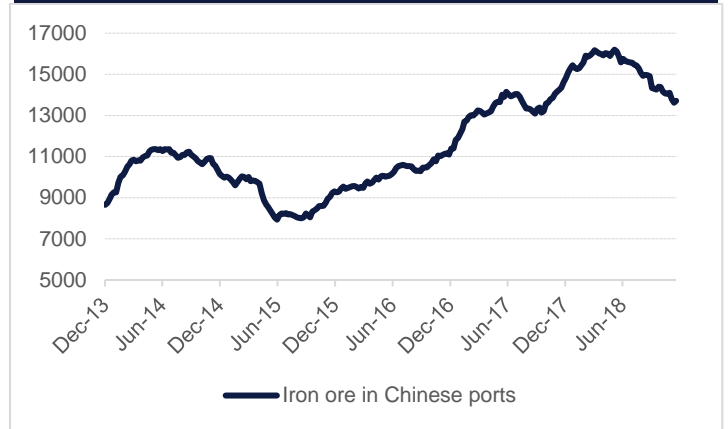
edwardpb@emiratesnbd.com

Iron ore prices



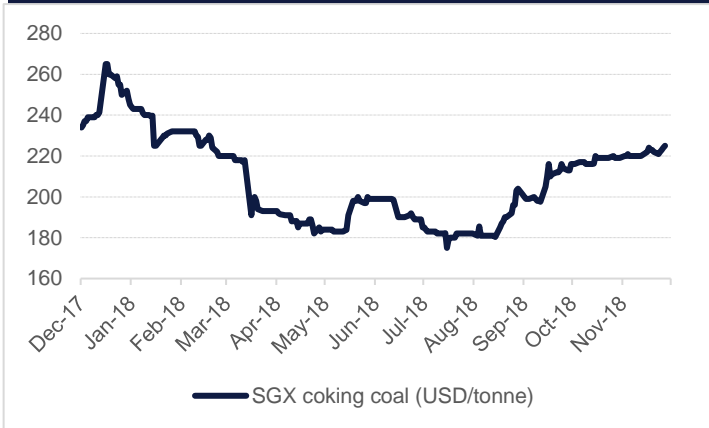
Source: EIKON, Emirates NBD Research.

Iron ore inventories



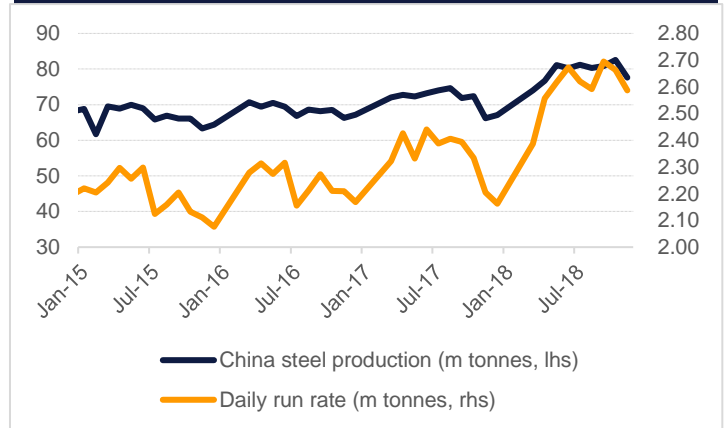
Source: EIKON, Emirates NBD Research.

Coking coal prices



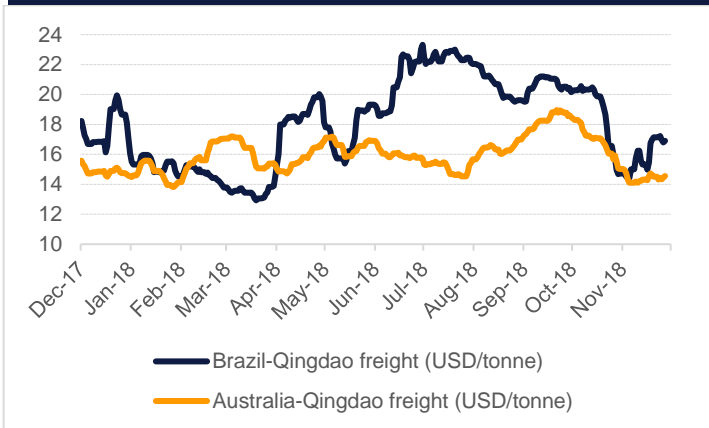
Source: EIKON, Emirates NBD Research.

Steel output



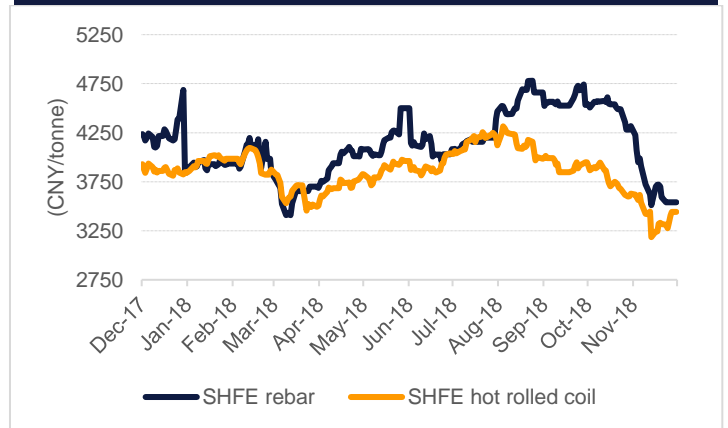
Source: EIKON, Emirates NBD Research.

Freight rates

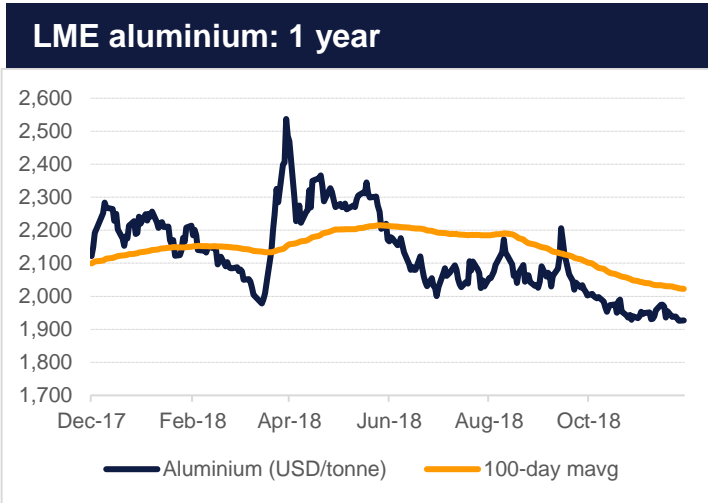


Source: EIKON, Emirates NBD Research. Note: USD/b.

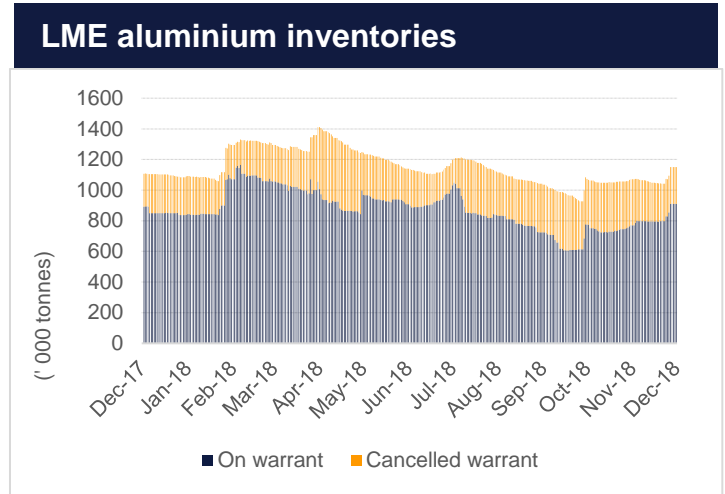
Steel prices



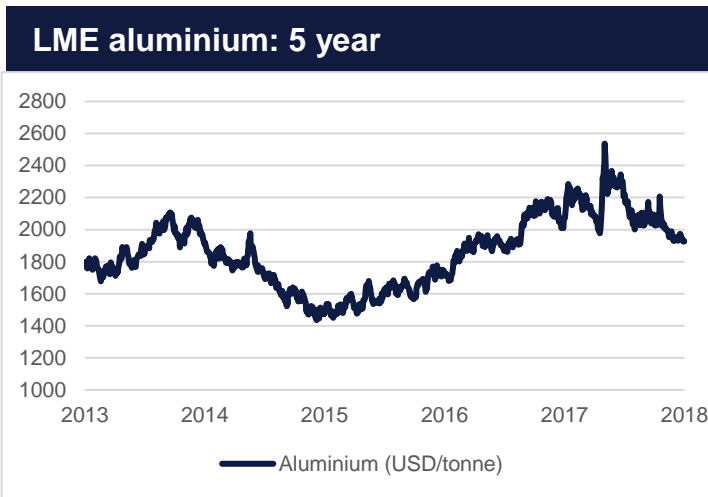
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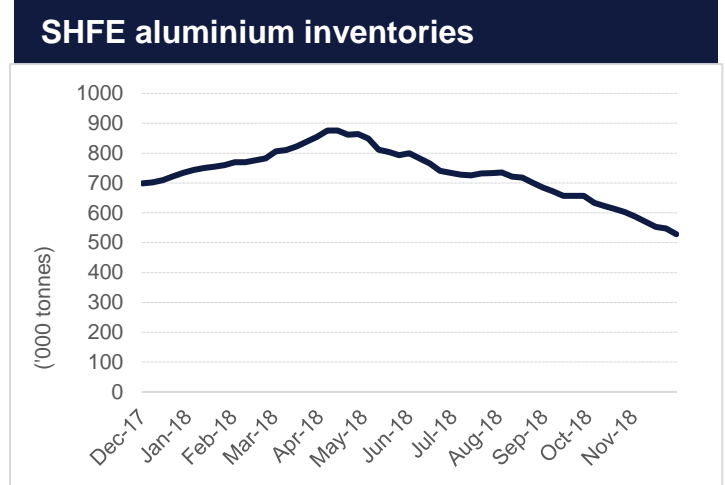
Source: EIKON, Emirates NBD Research.



Source: EIKON, Emirates NBD Research. Note: NYMEX only.



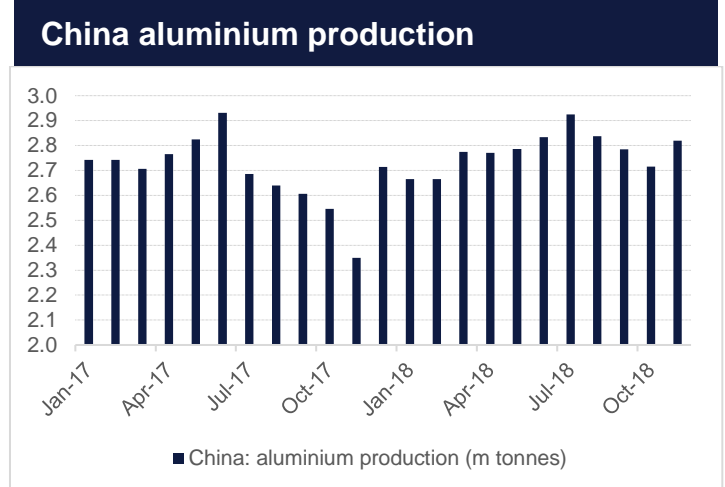
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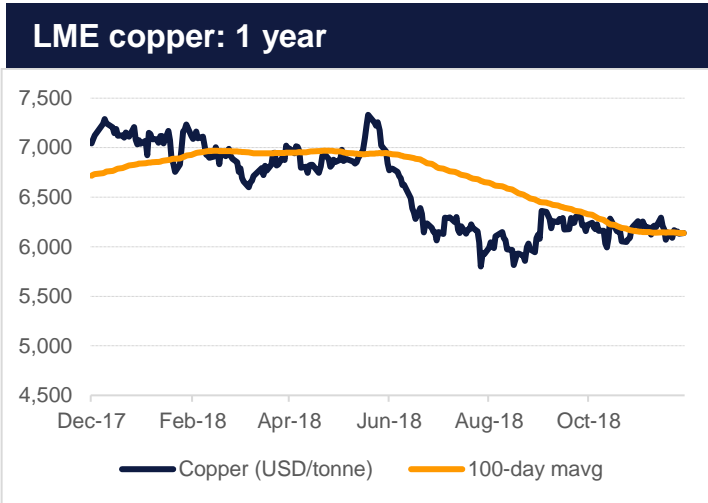
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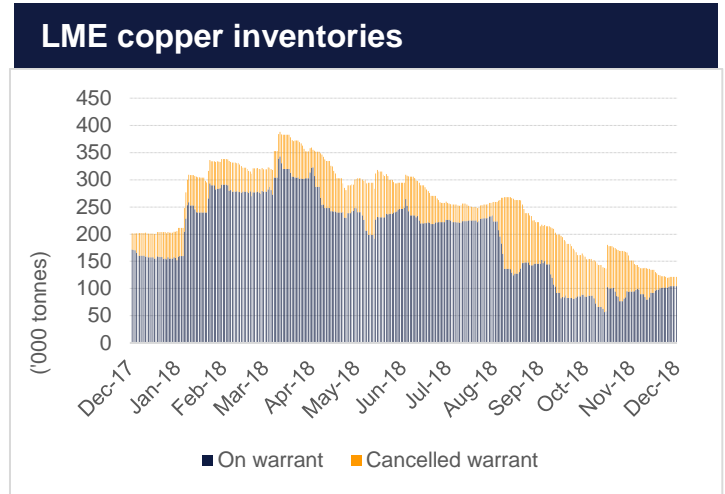
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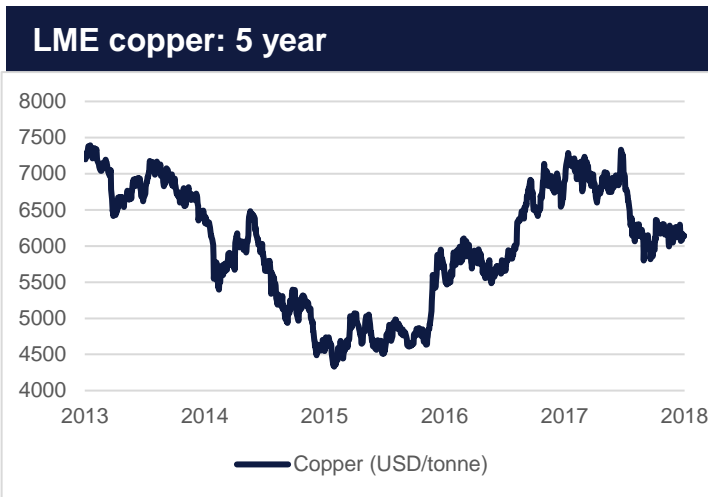
Source: NBS, Emirates NBD Research. Note: Jan/Feb estimated.



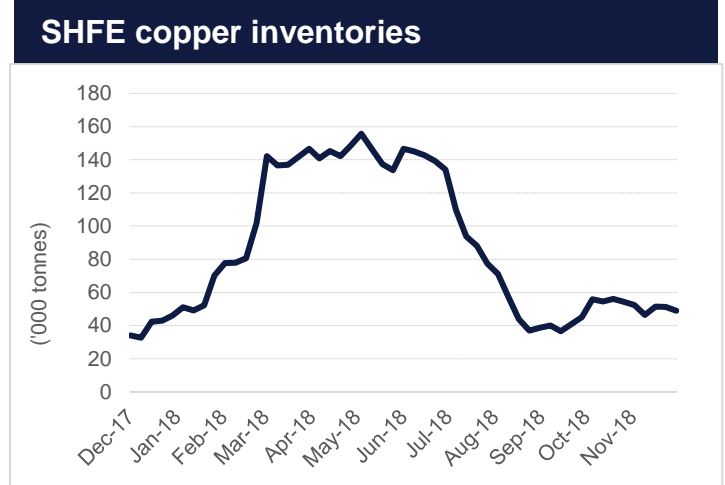
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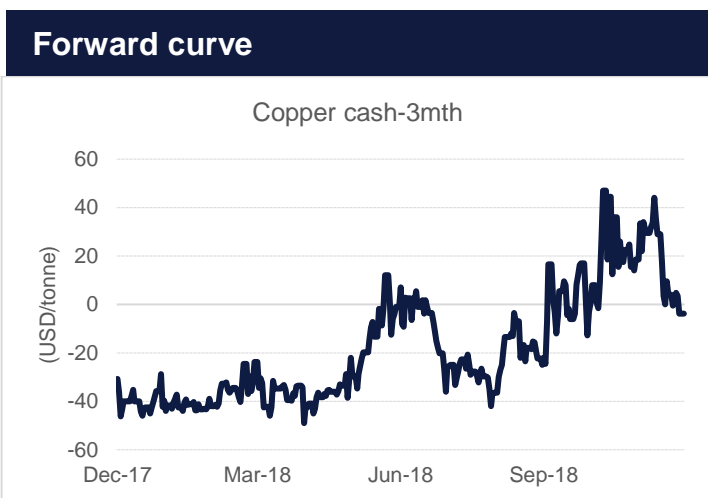
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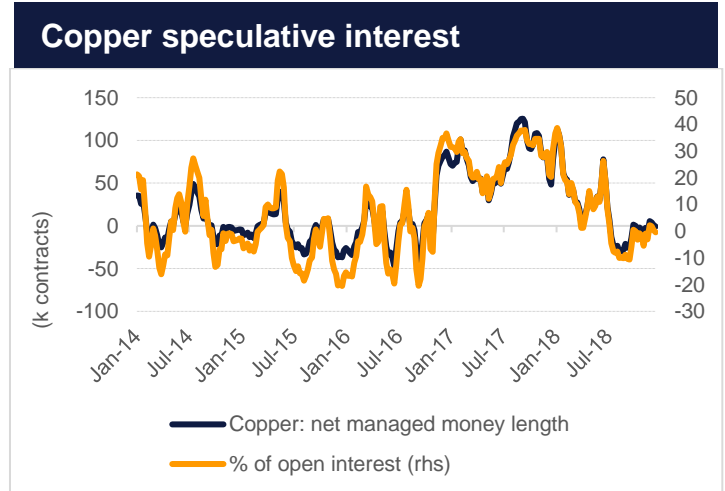
Source: EIKON, Emirates NBD Research.



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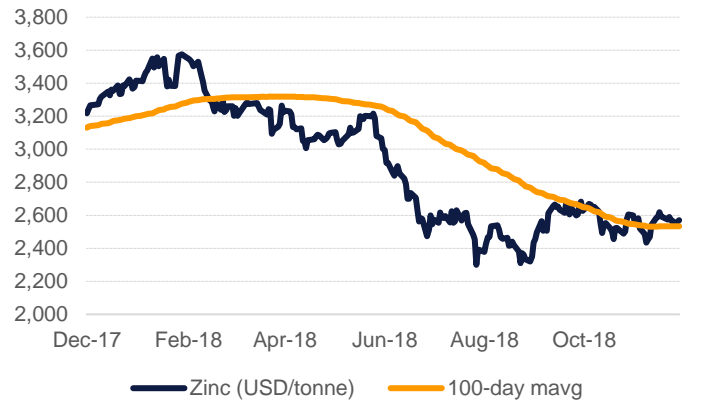
Source: EIKON, Emirates NBD Research.

LME lead: 1 year



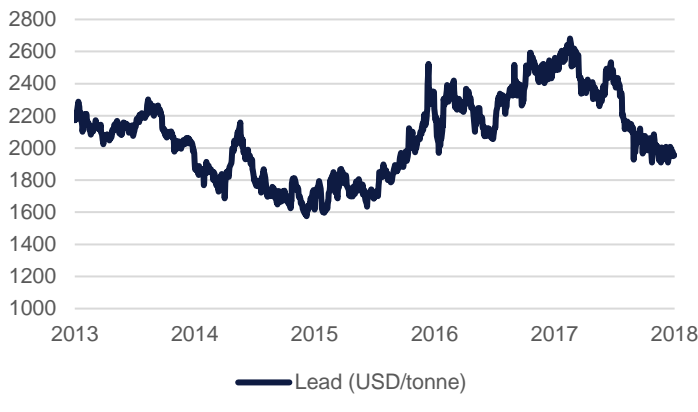
Source: EIKON, Emirates NBD Research

LME zinc: 1 year



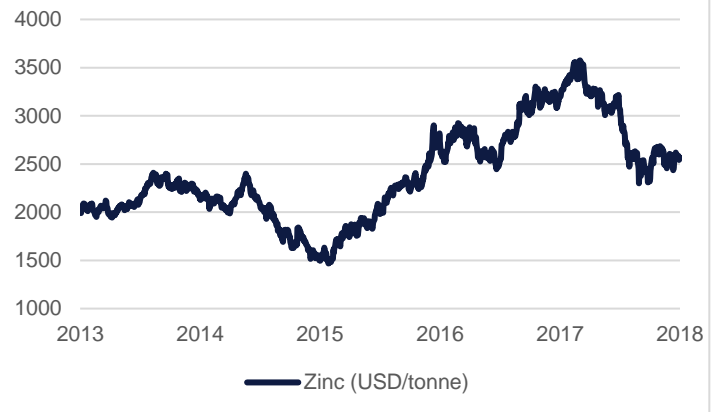
Source: EIKON, Emirates NBD Research

LME lead: 5 year



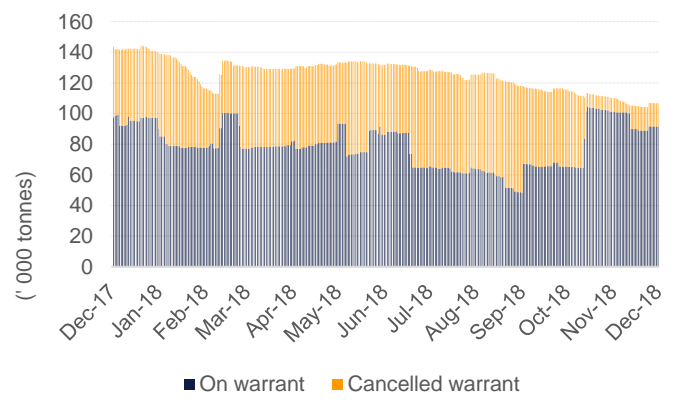
Source: EIKON, Emirates NBD Research.

LME zinc: 5 year



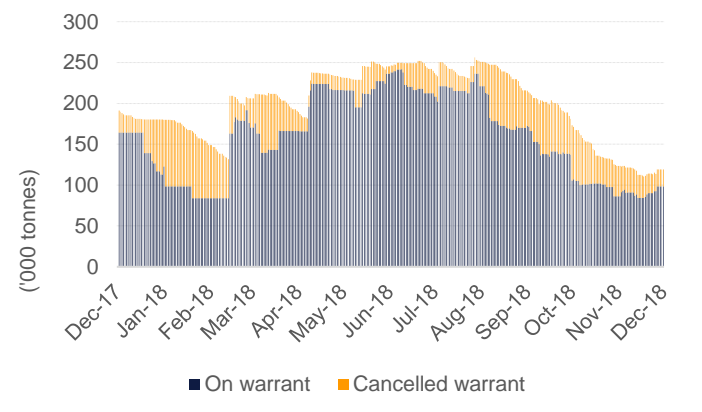
Source: EIKON, Emirates NBD Research

LME lead inventories

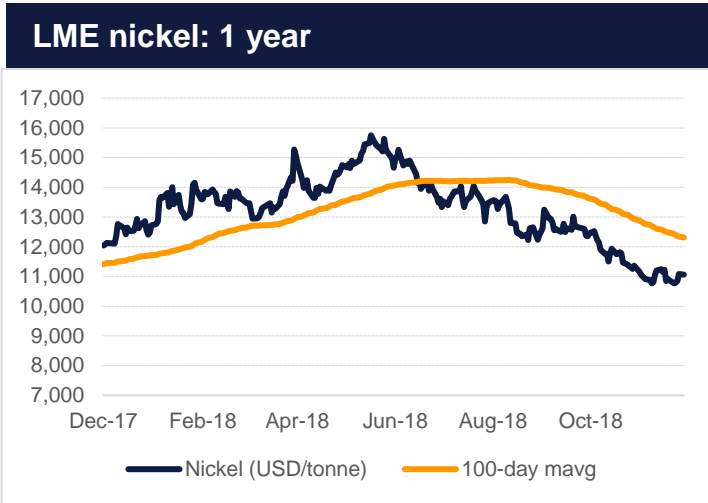


Source: EIKON, Emirates NBD Research

LME zinc inventories



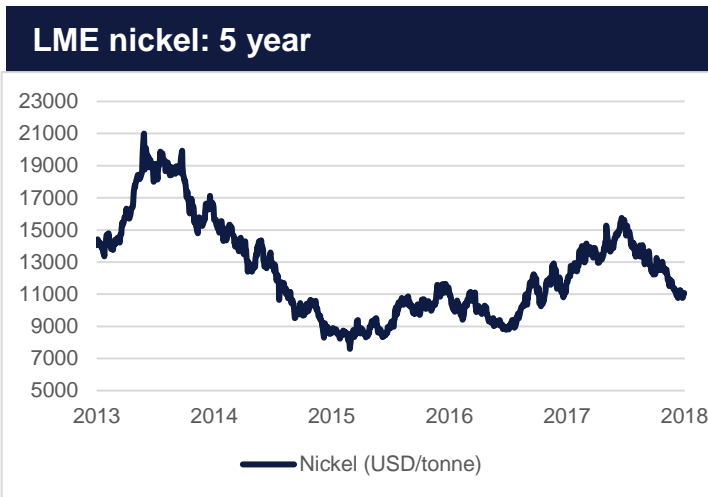
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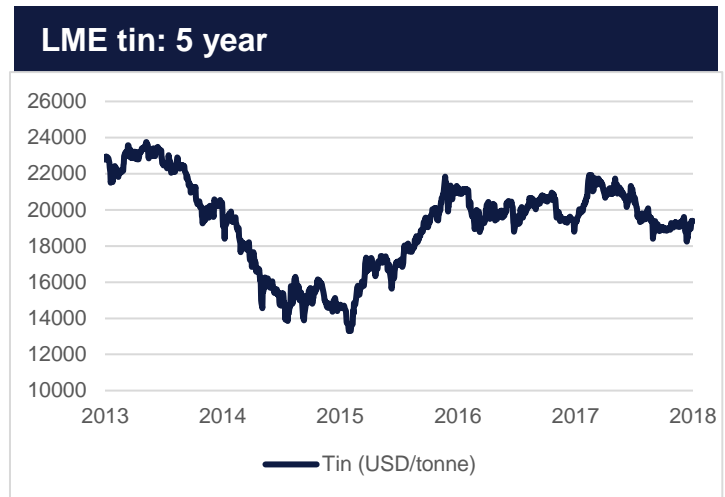
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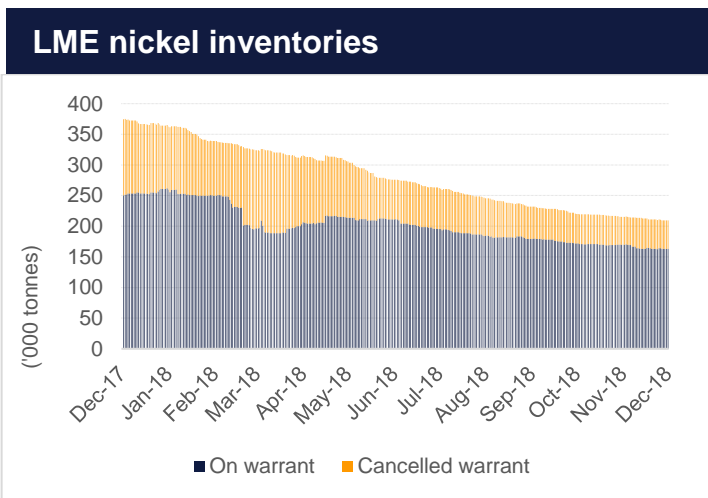
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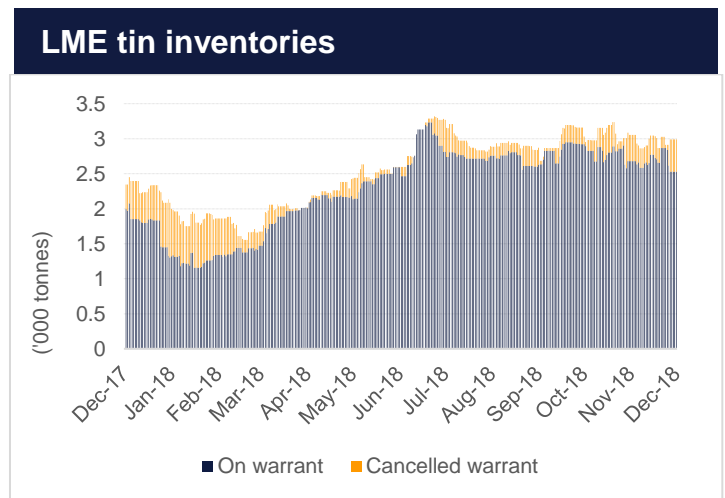
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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Senior Executive Vice President
Global Markets & Treasury
+971 4 609 3000
aazark@emiratesnbd.com

Tim Fox
Head of Research &
Chief Economist
+9714 230 7800
timothyf@emiratesnbd.com

Research

Khatija Haque
Head of MENA Research
+9714 230 7803
khatijah@emiratesnbd.com

Anita Yadav
Head of Fixed Income Research
+9714 230 7630
anita@emiratesnbd.com

Aditya Pugalia
Financial Markets Research
+9714 230 7802
adityap@emiratesnbd.com

Daniel Richards
MENA Economist
+9714 609 3032
danielricha@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Hessa Al Khawaja
Research Associate
+9714 609 3015
hessaalkh@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
Tariq Chaudhary
+971 4 230 7777
tariqmc@emiratesnbd.com

Saudi Arabia Sales
Numair Attiyah
+966 11 282 5656
numaira@emiratesnbd.com

Singapore Sales
Supriyakumar Sakhalkar
+65 65785 627
supriyakumars@emiratesnbd.com

London Sales
+44 (0) 20 7838 2241

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com