

# Commodities Tracker – Monthly News

This note summarises the recent relevant news regarding commodities under their potential market signal.

Authored by:

Roberta Caselli

Date: April 05, 2024

Topic: [Commodities](#)



## URANIUM

### Bullish Signals

- **Electricite de France SA** is planning to load fuel at its **new nuclear reactor** in a few weeks, marking the final step before startup. The fuel loading will be followed by a first connection to the grid this summer. <sup>1</sup>
- **Ukraine** hopes to sign a **deal in June to buy two nuclear reactors** from Bulgaria. <sup>2</sup>
- **Serbia** is interested in at least **four small nuclear reactors** to start its first power production from nuclear facilities. <sup>3</sup>
- **Japan's** government is **ramping up an effort** to secure local approval to **resume operations** at the world's biggest nuclear power plant amid a wider push by the nation to restart its idled fleet of reactors. <sup>4</sup>
- **HSBC Holdings Plc** is in talks with investment funds about loans to finance the construction of the **UK's Sizewell C** nuclear plant, as the government steps up efforts to get the project off the drawing board this year. <sup>5</sup>
- **TerraPower**, a company founded by Bill Gates, plans to start building the **first of a new generation of nuclear power plants** in the US in June. <sup>6</sup>
- **Flooding** of access roads due to snow melt is causing disruption in **Kazakhstan**. <sup>7</sup>

### Neutral Signals

- **Kazakhstan** is conducting active work to **boost exports of the metal to U.S.** energy companies. <sup>8</sup>
- The **European Union** must wean itself off Russian nuclear fuel according to Belgian Prime Minister Alexander De Croo. <sup>9</sup>
- The **United Nations'** nuclear watchdog cautioned there's **no quick way to loosen Russia's grip** on nuclear supply chains and threatening to sever ties too soon would harm global energy markets. <sup>10</sup>

### Bearish Signals

- **Paladin Energy relaunched uranium production** in return to profitability. The company began producing and drumming uranium concentrate at its **Langer Heinrich mine in Namibia**, and it will now focus on ramping up operations and building a finished product inventory. <sup>11</sup>

## COPPER



### Bullish Signals

- Data from **China** showed **industrial output rose 7%** in the first two months of 2024 from a year earlier, while **growth in fixed-asset investment** also accelerated faster than economists estimated.<sup>12</sup>
- After a 0.1-point increase in February, **China's March Caixin manufacturing PMI** jumped 0.2 points to 51.1, marking the **highest reading in thirteen months** and indicating strong momentum.<sup>13</sup>
- **US factory activity** unexpectedly expanded in March for the first time since September 2022 on a sharp rebound in production and stronger demand.<sup>14</sup>
- **Chinese smelters**, which produce over half the world's supply of refined copper, **moved a step closer to implementing a joint output cut** after tightening ore supplies drove processing fees to near zero. Thirteen major smelters proposed a **reduction of 5% to 10%** in planned output this year. The proposal was made at the quarterly meeting of the Copper Smelters Purchasing Team, known as **CSPT**.<sup>15</sup>
- Solus Advanced Materials soared by as much as 26% after a local media report said the **company's copper foil will be used in a new AI accelerator** to be released by a North American firm.<sup>16</sup>
- The **Chinese government** will take steps to control smelting expansion. It will limit new capacity, including **setting a higher bar on the requirements for building smelter**.<sup>17</sup>
- **Ivanhoe Mines** reported a **6.5% quarterly drop** in output at the giant Kamo-Kakula mining complex in the Democratic Republic of Congo.<sup>18</sup>
- **Drought conditions in Zambia** are putting the country's major planned expansion of mined output at risk.<sup>19</sup>
- A government source reported that **India** will send two delegations to Chile next month to **scout copper deposits** amid rapid economic growth and energy transition plans.<sup>20</sup>

### Neutral Signals

- The London Metal Exchange will list the **Saudi port** as a **new delivery point for copper**, subject to a consultation that will run until April 30.<sup>21</sup>

### Bearish Signals

- In 2024, the **production of Codelco is expected to increase** for the first time in years. While delivering its annual results, the company included guidance for an increase in output this year.<sup>22</sup>
- **Indian billionaire** Gautam Adani has started operating the **first unit of his \$1.2 billion copper smelter** with 500,000 tons per year capacity in the first phase.<sup>23</sup>
- The **Centinela copper mine in Chile**, operated by UK-based Antofagasta and Marubeni Corp., will get a \$2.5 billion loan **to increase production** by 140,000 tons.<sup>24</sup>
- Worries about **China's property sector** persist: China Vanke Co. posted its biggest sales decline in six years, adding to the woes of the Chinese property developer that's trying to stave off its first-ever debt default.<sup>25</sup>

## SILVER

### Bullish Signals

- With gold reaching record highs again and the **gold-to-silver ratio above 80**, silver may offer opportunities as it is relatively cheaper than gold.<sup>26</sup>
- **Geopolitical risks** persist amid Russia – Ukraine war and escalating Middle East tensions following an Israeli airstrike on Iran's embassy in Syria.<sup>27</sup>
- Jerome **Powell** reiterated that it will likely be appropriate to begin **lowering interest rates "at some point this year."**<sup>28</sup>



### Bearish Signals

- **US jobs growth in March** rose by the most in nearly a year and **the unemployment rate dropped**, pointing to a strong labour market that's supporting the economy. The economic readings, together with **solid US factory data and job openings**, reinforced speculation that the Federal Reserve may be in **no rush to cut interest rates**.<sup>29</sup>

## GOLD

### Bullish Signals

- Central banks, led by **China and India**, **continued adding to their gold reserves**, marking the ninth straight month of growth.<sup>30</sup>
- **Consumers in China** have been stocking up on coins, bars and jewellery despite the high prices **to protect their wealth** against turmoil in the country's stock market and property sector.<sup>31</sup>
- **Geopolitical risks** persist amid Russia – Ukraine war and escalating Middle East tensions following an Israeli airstrike on Iran's embassy in Syria.<sup>32</sup>
- **Zimbabwe production** declined 24% year-on-year to 1,816.5 kgs in March.<sup>33</sup>
- **Zimbabwe's central bank** raised to 1.2 tons of gold since the country introduced regulations in 2022 requiring miners to pay part of their royalties in the metal they extract.<sup>34</sup>
- Jerome **Powell** reiterated that it will likely be appropriate to begin **lowering interest rates** “**at some point this year**.”<sup>35</sup>

### Neutral Signals

- **Zimbabwe** replaced the local currency with a new unit called **ZiG**, which will be backed by a basket of foreign currencies, gold and other precious metals.<sup>36</sup>
- **Russia** approved the proposal to impose additional **mineral extraction tax** on gold at 78m rubles/ton from June 1 till Dec. 31.<sup>37</sup>

### Bearish Signals

- **US jobs growth in March** rose by the most in nearly a year and **the unemployment rate dropped**, pointing to a strong labour market that's supporting the economy. The economic readings, together with **solid US factory data and job openings**, reinforced speculation that the Federal Reserve may be in **no rush to cut interest rates**.<sup>38</sup>

## OIL

### Bullish Signals

- **Russia** has ordered producers **to restrict oil output** in the second quarter to meet a 9 mbd production target by June.<sup>39</sup>
- **Drone strikes** might have halted **600,000 b/d of Russian refining**. Ukraine's ability to target export facilities may threaten 60% of Russian crude shipments.<sup>40</sup>
- **OPEC+ agreed to keep current supply cuts** in place, which means roughly 2 million barrels a day of output curbs will remain in place until the end of June.<sup>41</sup>
- Repricing of **geopolitical risk** after Israel increased preparations for a potential retaliation by Tehran to a strike on an Iranian diplomatic compound in Syria. That has stoked fears of a wider regional conflict.<sup>42</sup>
- **Demand improvements** in the mobility sector: **motor fuel usage** shows widespread year-on-year gains in Europe, and **flight numbers** are comfortably above previous year and pre-Covid era.<sup>43</sup>



- **Demand is outpacing expectations** again this year, questions at **CERAWeek** focused on how soon oil consumption will peak in the future.<sup>44</sup>
- **India's crude oil imports** rose to 5.2 million barrels per day in March, **the highest level since early 2020** amid increased refinery runs by the Indian refiners.<sup>45</sup>

#### Neutral Signals

- **Indian buyers of Venezuelan oil halted purchases** to avoid any complications should the US not extend a sanctions waiver that's set to expire in April.<sup>46</sup>
- **China imported** the first crude shipments **from Venezuela** in more than four years in February.<sup>47</sup>

#### Bearish Signals

- **Iraq** missed its **OPEC+ oil production target** in March. While that's Iraq's lowest output level this year, it's still about **170,000 barrels more than pledged**.<sup>48</sup>
- The Biden administration **won't move forward with its latest plans to buy oil for the Strategic Petroleum Reserve** amid rising prices.<sup>49</sup>

---

## GAS

### Bullish Signals

- Repricing of **geopolitical risk** after Israel increased preparations for a potential retaliation by Tehran to a strike on an Iranian diplomatic compound in Syria. That has stoked fears of a wider regional conflict.<sup>50</sup>

### Bearish Signals

- **Europe** is exiting the winter heating season with **storage sites** still nearly **59% full**, making the task of replenishing reserves easier.<sup>51</sup>
- US natural gas in storage is **38.9%** above the seasonal norm.<sup>52</sup>

---

## CRITICAL MINERALS, BATTERY TECH & LITHIUM

### Bullish Signals

- **Lithium Americas Corp.** has received a conditional commitment from the U.S. Department of Energy for a \$2.26 billion loan under the **Advanced Technology Vehicles Manufacturing Loan Program** for financing the construction of the **processing facilities** at Thacker Pass.<sup>53</sup>
- The **Biden administration** moved to throttle pollution from the nation's cars and light trucks, imposing tailpipe emission limits so stringent that are designed to compel automakers to **rapidly boost sales of battery-electric** and plug-in hybrid models.<sup>54</sup>

### Bearish Signals

- **Chile** is considering **doubling Lithium output** amid substitution risk; the government hopes to step up output under public-private model.<sup>55</sup>

## Footnotes

1. Bloomberg (27 March 2024). EDF Prepares to Start Up Long-Delayed Nuclear Plant in France.



2. Reuters (22 March 2024). Exclusive: Ukraine hopes to start installing nuclear reactors from Bulgaria in June
3. World Nuclear News (26 March 2024). Serbian president's appeal as country targets four SMRs.
4. Bloomberg (15 March 2024) Japan Ramps Up Drive to Restart World's Biggest Nuclear Plant.
5. Bloomberg (14 March 2024) HSBC Lining Up State-Backed Loans for UK Sizewell Nuclear Plant.
6. Forbes (19 March 2024). TerraPower: What We Know About Bill Gates's Nuclear Power Plant In Wyoming.
7. Reuters (10 April 2024). Russia, Kazakhstan evacuate over 100,000 people amid worst flooding in decades.
8. Bloomberg (26 March 2024). World's Top Uranium Miner Seeks to Boost Exports to US.
9. Bloomberg (24 March 2024). EU Must Ease Use Of Russia Nuclear Fuel, Belgian PM Says: FT.
10. Bloomberg (21 March 2024). Russia's Nuclear Supply Chain Gets a Pass at Global Summit (1).
11. Global Mining Review (05 April 2024). Paladin achieves uranium production at Namibia mine.
12. Reuters (18 March 2024). China's upbeat industrial output, retail sales tempered by frail property.
13. S&P Global (01 April 2024). Caixin China General Manufacturing PMI Press Release.
14. Bloomberg (1 April 2024). US Manufacturing Activity Expands for First Time Since 2022.
15. Mining.Com (28 March 2024). China copper smelters move closer to possible 10% production cut.
16. AlphaBiz (28 March 2024). Solus Advanced Materials has seen its share price rise in its push to deliver copper foil for AI accelerators.
17. Bloomberg (14 March 2024). China's Copper Smelters Vow Capacity Controls After Fees Plunge.
18. Ivanhoe Mines (03 April 2024) Ivanhoe Mines Reports Q1 2024 Production Results for the Kamoakakula Copper Complex.
19. Mining.Com.(04 April 2024). Copper price jumps to new 14-month high on supply risks, demand hopes.
20. Mining.Com.(28 March 2024). India to send teams to Chile seeking lithium and copper assets.
21. Reuters (19 March 2024). LME plans to list Saudi port as a copper and zinc delivery point.
22. Yahoo!Finance (29 March 2024) Codelco Sees Slow Recovery After Years of Copper Output Declines.
23. The Economic Times (29 March 2024). Adani makes metals debut as copper unit begins operations.
24. Antofagasta (19 March 2024). Centinela Second Concentration Financing.
25. Financial Times (29 March 2024). China's Vanke vows to cut debt by \$14bn as property woes mount.
26. LodonlovesBusiness (22 February 2024). Will silver catch up with gold?
27. CNN (2 April 2024). Iran vows revenge as it accuses Israel of deadly airstrike on Syria consulate in deepening Middle East crisis.
28. Bloomberg (3 April 2024). Powell Says Fed Has Time to Assess Data Before Deciding to Cut.
29. CNBC (5 April 2024). Job growth zoomed in March as payrolls jumped by 303,000 and unemployment dropped to 3.8%.
30. World Gold Council (3 April 2024) Central banks bolster gold reserves further in February, albeit at a slower pace.
31. Bloomberg (3 April 2024) Chinese Buying Set the Stage for Gold's Latest Record Run.
32. CNN (2 April 2024). Iran vows revenge as it accuses Israel of deadly airstrike on Syria consulate in deepening Middle East crisis.
33. Bloomberg (4 April 2024). Zimbabwe Gold Output Drops 24% Y/y to 1,816.5 kgs in March.
34. Bloomberg (17 March 2024). Zimbabwe Gold Reserves Rise to 1.2 Tons, Sunday Mail Says.
35. Bloomberg (3 April 2024). Powell Says Fed Has Time to Assess Data Before Deciding to Cut.
36. Reuters (5 April 2024). Zimbabwe launches gold-backed currency to replace battered local dollar.
37. Interfax (5 April 2024). Russia's State Duma proposes levying additional MET on gold to provide federal budget 15 bln rubles by end of year – bill.
38. Russia's State Duma proposes levying additional MET on gold to provide federal budget 15 bln rubles by end of year – bill.
39. Reuters (25 March 2024). Exclusive: Russia orders companies to cut oil output to meet OPEC+ target.
40. S&P Global Commodity Insights. (18 March 2024). FACTBOX: Russian refining outages mount under surge of Ukrainian drone attacks
41. Bloomberg (3 April 2024). OPEC+ Sticks With Supply Cuts While Oil Nears \$90 a Barrel.
42. CNN (2 April 2024). Iran vows revenge as it accuses Israel of deadly airstrike on Syria consulate in deepening Middle East crisis.
43. Bloomberg (22 March 2024). Oil Demand Outpaces Expectations, Testing Calculus on Peak Crude.
44. The Financial Express (28 March 2024). Crude oil imports rise to 4-year high in March.
45. Bloomberg (26 March 2024). Indian Buyers of Venezuelan Oil Halt Imports on Sanction Fears.
46. Bloomberg 22 March 2024). PetroChina Set to Take Venezuelan Oil After US Sanctions Eased.
47. Bloomberg (3 April 2024). Iraq Fails to Meet OPEC+ Oil Target Even After Lowering Output.
48. Bloomberg (3 April 2024). US Cancels Latest Oil Reserve Refill Plan Amid High Prices.
49. CNN (2 April 2024). Iran vows revenge as it accuses Israel of deadly airstrike on Syria consulate in deepening Middle East crisis.
50. Crude Oil Prices Today (27 March 2024). Has Europe Done Enough to Avoid an Energy Crisis Next Year?
51. U.S. Energy Information Administration (3 April 2024). Natural Gas Weekly Update.
52. Lithium Americas. (2024, March 14). Lithium Americas Receives Conditional Commitment for \$2.26 Billion ATVM Loan from the U.S. DOE for Construction of Thacker Pass.
53. Bloomberg (20 March 2024). Biden's Newest Rule on Auto Emissions Set to Boost Electric Car Sales.
54. Supernews (29 March 2024). Chile Unveils Plan to Double Lithium Production Amidst Global Demand.



The value of an investment may go down as well as up and past performance is not a reliable indicator of future performance.

Trading may not be suitable for all types of investors as they carry a high degree of risk. You may lose all of your initial investment. Only speculate with money you can afford to lose.

Changes in exchange rates may also cause your investment to go up or down in value.

Tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

Please ensure that you fully understand the risks involved. If in any doubt, please seek independent financial advice. Investors should refer to the section entitled “Risk Factors” in the relevant prospectus for further details of these and other risks associated with an investment in the securities offered by the Issuer.

**This information is not intended to be, or does not constitute, investment research.**

These insights are strictly for general information purposes provided at the date of publication and may change without notice and are not a recommendation, solicitation or offer to buy or sell any financial products or to adopt any approach to investment. There is no guarantee that any matter discussed will be successful. Reliance on any part of this information is at your own discretion.

This information may provide estimates and future forecasts and are not a representation of any future performance. This information is not complete or exhaustive and we make no representations or warranties, express or implied, concerning the accuracy or comprehensiveness of these insights.

These insights do not take into account a person’s own financial position or circumstances of any person or entity in any region or jurisdiction. This information should not be relied upon as a primary basis for any investment decision. Its applicability will depend on the particular circumstances of each investor.

This information does not constitute tax advice and investors and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of any investments under the laws of the relevant region and/or their country of incorporation, establishment, citizenship, residence or domicile, or other liability to tax and in light of their particular circumstances.

Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units.

Communications issued in the European Union relating to Global X UCITS ETFs are issued by Global X Management Company (Europe) Limited (“GXM Europe”) acting in its capacity as management company of Global X ETFs ICAV. GXM Europe is authorised and regulated by the Central Bank of Ireland. GXM Europe is registered in Ireland with registration number 711633.

Communications issued in the United Kingdom and Switzerland in relation to Global X UCITS ETFs are issued by Global X Management Company (UK) Limited (“GXM UK”), which is authorised and regulated by the Financial Conduct Authority. The registered office of GXM UK is 77 Coleman St, London, EC2R 5BJ, UK. Information about us can be found on the Financial Services Register (register number 965081)

#### **Information for Investors in Switzerland**

This is an advertising document. The state of the origin of the fund is Ireland. In Switzerland, the representative is 1741 Fund Solutions AG, Burggraben 16, CH-9000 St.Gallen. The paying agent is Tellco Bank AG, Bahnhofstrasse 4, 6430 Schwyz.

The prospectus, the key information documents, the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the representative.

Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

