

Investments - Flash

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2ND HALF-YEAR FAVORABLE FOR INDUSTRIAL METALS

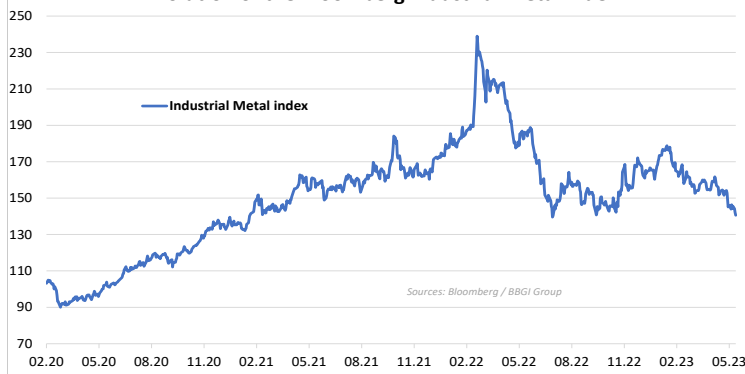
China's renewed growth reinforces imbalances

The drop in Chinese demand had been one of the main factors penalizing the evolution of industrial metals' markets, which were down by -8% in 2022. After a few positive weeks at the beginning of the year, which had pushed prices to extremes in a panic caused by the war in Ukraine, prices had steadily declined until the end of the year, until the zero Covid policy was questioned and abandoned by the Chinese authorities. China has radically changed its policy and is now trying to support its economic development. We believe that Chinese domestic demand should benefit in the coming months and that the expected economic recovery will have clear implications for the demand for industrial commodities as well. A Chinese economic recovery in the current context of particularly low inventories will necessarily have a further positive impact on prices.

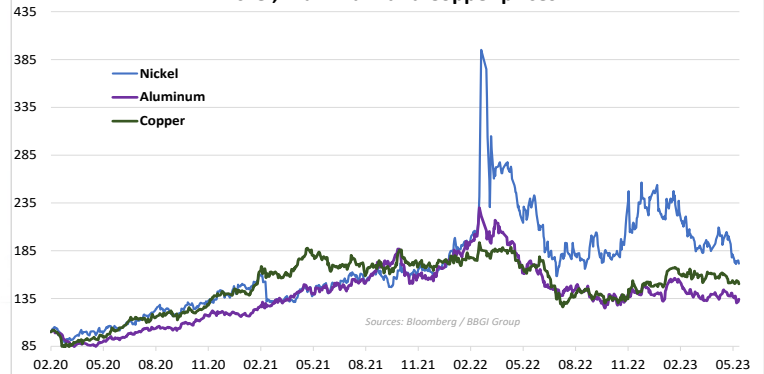
A reversal of the upward trend after a first quarter without much change is expected for aluminum, copper, cobalt and nickel. The new industrial metals needed for the implementation of the energy transition is also an extremely important factor in the development of world demand. The fall in Capex in recent years continues to weigh on the level of supply, thereby limiting the risks of a significant increase in inventories. Our outlook is positive for all industrial metals, which will benefit from increased demand for infrastructure, wind power projects, rail and the growing electric car sector.



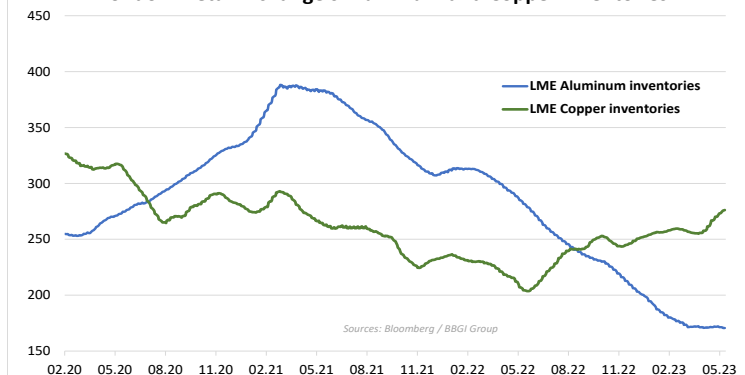
Evolution of the Bloomberg Industrial Metal index



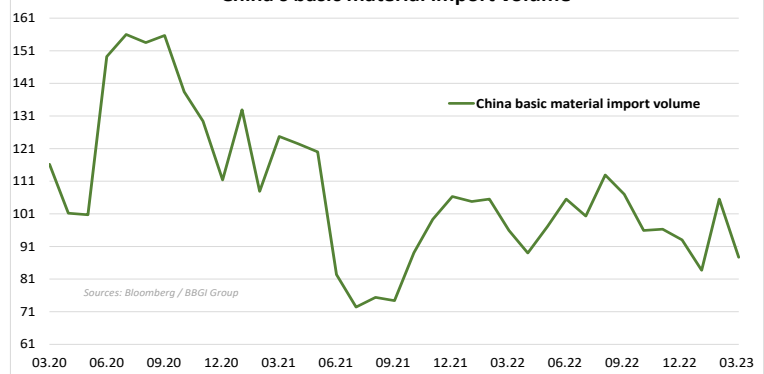
Nickel, Aluminum and Copper prices



London Metal Exchange's Aluminum and Copper inventories



China's basic material import volume



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