INSIDE METALS

Wednesday, August 7, 2013

CHART OF THE DAY

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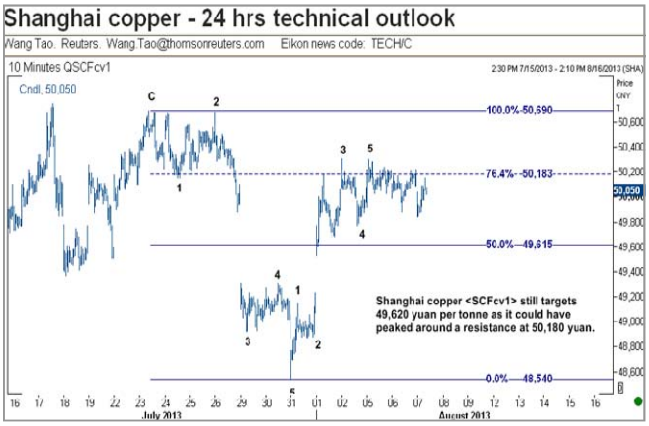

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FEATURE

China commodity imports to rebound on factory activity

China's imports of crude oil and iron ore are expected to have risen in July, rebounding from multi-month lows hit in June, after a mild pick up in manufacturing activity in the world's second-biggest economy.

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TODAY'S MARKETS

BASE METALS: London copper edged down as traders cautiously looked to key economic data from China later this week for indications on the outlook for demand from the world's top metals consumer.

The world's No.2 economy has slowed in nine out of the past ten quarters, stoking worries about its demand for commodities and dragging down copper prices by 12 percent so far this year.

"We still have a bearish view given the Chinese growth slowdown. Markets are looking towards the data tomorrow. Copper has remained quite resilient to poor U.S. economic data, but if we see negative data out of China that could weigh on prices," said analyst Tim Radford of Sydney-based adviser Rivkin.

PRECIOUS METALS: Gold extended losses into a third session falling to a three-week low after strong U.S. trade data and comments by a Federal Reserve official stoked fears the central bank could start tapering its stimulus from next month.

Bullion has lost nearly a quarter of its value this year after 12 annual gains as markets anticipate a reduction in the Fed's $85 billion monthly bond purchases. The commodities-friendly stimulus had pushed prices to all-time highs in 2011.

"Trading in the month of August is always a tough one as thin market conditions are easier to manipulate," said a trader in Singapore.

FOREX: The dollar hit a six-week low against the yen dented by uncertainty over when the Federal Reserve will start reducing its monetary stimulus.

"I don't think people can aggressively take long dollar positions now because market sentiment is poor. What everyone is probably thinking is that they want to buy (dollars against the yen) at some point, but now is not the time," Okagawa said.

FEATURE

China commodity imports to rebound on factory activity

By Ruby Lian and Fayen Wong

SHANGHAI, Aug 6 (Reuters) - China's imports of crude oil and iron ore are expected to have risen in July, rebounding from multi-month lows hit in June, after a mild pick up in manufacturing activity in the world's second-biggest economy.

Economic growth in China has slowed for nine straight quarters, raising fears that its appetite for raw materials will cool further in the second half.

But China's manufacturing activity picked up slightly in July, with the official purchasing managers' index rising to 50.3 from June's 50.1.

"We should see a modest improvement in commodity imports as demand picked up," said Ma Tao, an analyst with CEBM Group, an investment research firm in Shanghai.

"Refineries were restocking while copper importers were still active in using the metal to secure financing. Physical demand was steady."

China releases preliminary July trade data on Thursday,

The data is expected to show overall exports climbed 3 percent from a year earlier, swinging back from a 3.1 percent drop in June. Imports are expected to have risen 2.1 percent in July, following a 0.7 percent fall in June, according to a Reuters poll.

CRUDE OIL

Crude imports to the world's second-largest consumer after the United States could be supported by refiners replenishing inventories to meet higher runs.

Imports fell 1.4 percent in the first half of 2013 from the same period a year ago, with inbound shipments dropping 4.4 percent in June from May on a daily basis at 5.39 million barrels per day, the lowest monthly rate since September.

China's oil demand is expected to grow to 9.96 million bpd in 2013, up 3.75 percent, and account for nearly half of the global consumption growth of around 790,000 bpd, according to the latest International Energy Agency report.

COPPER

Copper arrivals in July are expected to stay robust on strong demand to use the metal as a collateral for financing, although traders said shipments may ease slightly from June as importers had booked fewer term shipments.

Some importers had made new bookings for spot copper when lower overseas prices made imports attractive, traders said. But the bulk of shipments are due to arrive between August and October.

Imports of anode, refined metal, alloy and semi-finished copper products rose 5.9 percent to 379,951 tonnes in June on the month, the highest in nine months.

Arrivals of refined copper jumped 19.6 percent to 277,696 tonnes, extending gains for the second straight month.

IRON ORE

Iron ore imports from China, the world's biggest consumer, are expected to have rebounded modestly in July as steel mills replenished stock given robust steel production at home.

"I didn't see a sharp increase in shipments or inventories, but mills stepped up buying and overall imports should have risen from June," said an iron ore trader in Shanghai.

China consumes more than two thirds of the global seaborne market. Imports fell to a four-month low of 62.3 million tonnes in June after rising for three consecutive months.

Chinese steelmakers have maintained higher production, with average daily crude steel output rising 2.4 percent to 2.13 million tonnes between July 11-20 from the preceding ten-day period.

SOY

China's July soy imports are expected to rise for the third month to a record high, as delayed Brazilian shipments arrived and Chinese importers replenished stocks.

Imports struck a high of 6.93 million tonnes in June, after port operations at key supplier Brazil returned to normal after prolonged congestion.

China, the world's top soybean buyer, is expected to import just over 7 million tonnes in July, traders said.

Early summer is the peak importing period for soybeans as animal feed companies boost production ahead of winter. Total imports for the three months to August are expected to reach 20 million tonnes, official think-tank China National Grain and Oils Information Center said last week.

GENERAL NEWS

Australia's High Court dismisses challenge to mining tax

CANBERRA, Aug 7 (Reuters) - Australia's High Court found a controversial profits tax on iron ore and coal mines was constitutional on Wednesday, a major victory for the government that introduced the tax in July 2012 at the height of a China-led mining boom.

The High Court challenge against the tax was led by Australia's number three iron ore miner Fortescue Metals and its boss Andrew Forrest, who argued the tax discriminated against mining states and interfered with the rights of state governments to impose royalties.

But in a unanimous decision, the full bench of the High Court dismissed Fortescue's challenge to the Minerals Resource Rent Tax (MRRT).

"The Court held that the treatment of state mining royalties by the MRRT Act and the Imposition Acts did not discriminate between States and that the Acts did not give preference to one State over another," the court said.

The tax was negotiated by former Prime Minister Julia Gillard with global miners BHP Billiton , Rio Tinto and Xstrata, now Glencore Xstrata .

The latest figures show the mining tax, which starts once profits on a project reaches A$75 million, will raise only A$4 billion in its first four years, well down on the government's initial A$10 billion estimates.

Australia's conservative opposition, favoured to win elections on Sept. 7, has promised to scrap the tax if it wins power.

New Kenyan royalties seen hurting miners, chamber wants rethink

By Duncan Miriri

NAIROBI, Aug 6 (Reuters) - The Kenyan government's proposed higher mineral royalties and sudden cancellation of licences flouted regulations, will harm the mining sector's competitiveness and should be reconsidered, the Kenya Chamber of Mines said on Tuesday.

The east African country stunned the sector on Monday when it unexpectedly ramped up royalty charges and revoked dozens of licences issued earlier this year to get a bigger share of earnings from the nascent mining industry.

"The net impact of the proposals would be like killing the cow that produces the milk," Adiel Gitari, chair of the Kenya Chamber of Mines, told a news conference.

"There exists procedures for licensing in law which are meant to protect the interest of the country and investors. We insist that these must be followed," he said.

While mining contributes relatively small to national output, there are proven deposits of titanium, gold and coal and revenues are expected to grow as new mines come onstream.

Gitari acknowledged Kenya's royalty charges needed reviewing but said the miners should have been consulted.

Royalties on gold, of which Kenya is a relatively small producer, would increase to 5 percent of gross sales value from 2.5-3 percent, Mining Secretary Najib Balala said on Monday.

For rare earth, niobium and titanium ores, royalties would rise to 10 percent of gross sales value from 3 percent previously. Royalty rates for other extracted minerals would vary between 1 percent and 12 percent.

The chamber said the revoked licence of a subsidiary of Australia's Base Resources did not affect its Kwale mineral sands project due to start production before the end of 2013.

The fallout from the government's move to cancel licences, which the mining secretary said followed complaints over the issuance process, could be long-running and complex.

China's gold imports from Hong Kong slip in June

SINGAPORE, Aug 6 (Reuters) - China's net gold imports from key supplier Hong Kong slipped about 4 percent in June from a month ago, although purchases held above 100 tonnes as lower prices attracted buyers in the world's No.2 consumer of the precious metal.

Net gold flow into China, which excludes imports by Hong Kong from the mainland, dropped to 104.567 tonnes in June from 108.781 tonnes in May, according to data from the Hong Kong Census and Statistics Department. (www.censtatd.gov)

China's total gold imports from Hong Kong fell to 111.718 tonnes in June from 126.949 tonnes a month ago.

"These are still healthy numbers," said Victor Thianpiriya, a Singapore-based analyst at ANZ. "July might be a little bit slower as prices recovered a little bit."

China's net gold imports from Hong Kong, which have stayed above the 100-tonne mark for two straight months, hit a record high of 136.185 tonnes in March before slipping in April due to a supply crunch. Analysts expect demand for the rest of the year to ease from peak levels but still stay strong.

Demand might not hold up at the same levels if gold prices climb above $1,400 an ounce, Thianpiriya said.

Gold posted its biggest quarterly loss on record in April-June on fears of an early roll back in the U.S. Federal Reserve's stimulus measures. Prices dropped to $1,180.71 in June, its lowest since August 2010.

Gold has, however, recovered about 10 percent from the lows in July after reassurances from the Fed about a cautious withdrawal of the $85 billion monthly bond purchases. Gold was trading near $1,290 an ounce by 0940 GMT on Tuesday.

TRADING PLACES

LME's head of business development Chris Evans resigns

LONDON, Aug 6 (Reuters) - The London Metal Exchange's (LME) head of business development responsible for launching its minor metals futures contracts, has resigned from the company, the exchange said on Tuesday.

Chris Evans joined the LME, the world's largest marketplace for industrial metals, in 2008 from the trade publication Metal Bulletin.

He was instrumental in launching futures contracts for cobalt and molybdenum at the exchange.

"Chris Evans has decided to leave the LME to pursue other opportunities and is currently discussing the details of his departure," LME spokeswoman Miriam Heywood said, without elaborating further.

In June, the exchange's CEO Martin Abbott stepped down after steering a sale to Hong Kong owners.

The LME, the world's largest marketplace for industrial metals, was sold to Hong Kong Exchanges and Clearing last year for $2.2 billion.

MARKET NEWS

Glencore, JPM sued in U.S. as warehousing legal battle ramps up

By Melanie Burton

SINGAPORE, Aug 7 (Reuters) - Glencore Xstrata and JPMorgan Chase & Co face a U.S. lawsuit, along with the London Metal Exchange, alleging they artificially inflated aluminium prices, in the second legal challenge related to metal warehousing in a week.

The suit, which also names Goldman Sachs and subsidiaries of both Goldman and JP Morgan, accuses the firms of engaging in anti-trust and racketeering practices.

The latest case, filed by Florida-based aluminium user Master Screens and an individual plaintiff, expands the geography and number of companies being sued in the unfolding legal battle over warehousing.

Goldman Sachs and JPMorgan dismissed the suit.

"We believe this suit is without merit and we intend to vigorously contest it. We also note that aluminium prices are down 40 percent from their peak in 2006," a Goldman Sachs spokesman said.

"There are no queues at our warehouses. We believe this suit has no merit," a JPMorgan spokesman said.

Hong Kong Exchanges and Clearing Limited , owner of the LME, declined to comment.

A Glencore spokesman declined to comment.

U.S. regulators are scrutinizing ownership of commodity storage facilities by major U.S. banks.

Last week, Goldman and the LME were named as defendants in a separate Detroit lawsuit.

The Florida lawsuit alleges "manipulation of the aluminium market through supply price fixing," among other practices.

The lead plaintiff in the lawsuit, which is seeking class action status and was filed on Aug. 6 in the U.S. District Court for the Northern District of Florida, is Master Screens Inc. and Daniel Price Bart, described in the filing as "a purchaser of beverages sold in aluminium cans."

China's aluminium market faces mounting supply in H2

By Polly Yam

HONG KONG, Aug 7 (Reuters) - China's oversupply of aluminium is likely to escalate in the second half of 2013 as more new capacity is set to come onstream, further reducing the need for imports by the world's top consumer and producer of aluminium.

Smelter sources said the stronger than expected consumption experienced in the first half of 2013 would be maintained, but did not expect further growth this year.

Imports have already tumbled 67 percent in the first half from a year earlier, official data showed.

China's mounting supplies would also weigh on domestic prices, which have fallen more than 5 percent so far this year, said Zhang Chenguang, analyst at information provider SMM.

Beijing has tried unsuccessfully to limit aluminium capacity and last month further tightened regulations for new and existing smelters. Analysts and smelter sources said the regulations would not cut production this year, but would limit expansion in the longer term.

China has more than 27 million tonnes of annual capacity currently. Some 10 million tonnes of capacity was being built, according to a report on the Ministry of Industry and Information Technology website (www.miit.gov.cn).

Analysts expect China to add more than 3 million tonnes of new aluminium smelting capacity this year and the bulk would come from the northwestern remote region of Xinjiang.

In Xinjiang at least 1.3 million tonnes of capacity would start up in the second half, compared with around one million tonnes of new capacity in China in the first half, said Zhang.

An executive at a large smelter said some new power plants in Xinjiang would also be completed in the second half of 2013, prompting smelters to start new aluminium capacity there.

MARKET NEWS *(Continued)*

"Output growth would speed up in the second half, mostly from Xinjiang," the executive said.

State-backed research firms Antaike and Aladdiny estimated China's aluminium production at about 12 million tonnes in the first half of 2013, with June output over 2 million tonnes.

The estimated figures appear higher than official data, which showed 10.58 million tonnes in the first half, with a record 1.843 million tonnes in June.

Consumption in the first half had risen about 10 percent from a year earlier as demand from the construction, home appliance and transport sectors grew, said the executive at a large smelter, who expected demand to stay firm in the second half.

A senior executive at an aluminium user in the northeastern province of Shandong that buys primary metal to manufacture semi-finished aluminium products said the firm would more than double its capacity to 2 million tonnes this year.

Reflecting a pickup in demand, stocks of aluminium ingots in four major industrial cities -- Shanghai, Wuxi, Nanhai and Hanzhou -- fell to about 740,000 tonnes currently, from a record of 1.234 million tonnes in March, data from SMM showed.

Real consumption in the first half reached about 12 million tonnes, including 300,000 tonnes bought by the State Reserves Bureau from smelters in March, and the demand may climb to 24.5 million tonnes for 2013 if the domestic economy does not falter in the second half, Zhang at SMM estimated.

The 2013 estimate would be a 12.5 percent rise from 2012.

Antaike had forecast real consumption would rise 8 percent to 23.2 million tonnes this year. The firm has revised up the 2013 prediction, said its senior aluminium analyst Yao Xizhi, who did not provide a figure.

Russia's Rusal urges more aluminium output cuts - IFX

By Polina Devitt

MOSCOW, Aug 6 (Reuters) - Russian aluminium producer Rusal may cut more production this year than it previously planned after being hit by a sharp fall of the metal's price, its CEO was quoted saying in an interview.

The price of aluminium , mainly used in transport and packaging, has fallen about 15 percent this year as inventories held in London Metals Exchange-registered warehouses soared to record levels of more than 5 million tonnes.

Trends in China, which accounts for 43 percent of global output, have been a big factor in the decline since aluminium production there has nearly quadrupled over the past decade.

Rusal Chief Executive Oleg Deripaska said in an interview with Interfax news agency the company may cut production by 350,000 tonnes this year in Russia.

The group had previously planned to cut production by 300,000 tonnes in 2013 as it seeks to support global prices. It produced 4.2 million tonnes of aluminium in 2012.

The company, the world's largest aluminium producer, is also urging Russian government to create state stocks. And Deripaska called on other producers to cut production by 10 percent to further support the aluminium price.

"It's obvious today that the price won't grow to $2,100 per tonne by the end of the year. And judging by the forecasts we are seeing now, it might well remain at $1,800 per tonne," he said.

"For 2013 we expect facilities that produce 1.8 million tonnes of aluminium (outside of China) to be closed," Deripaska added. "Furthermore, every further price decline of $50 per tonne will lead to unprofitability for another 1.5 million tonnes of production capacity."

To support aluminium prices on the domestic market, the Russian government should create state aluminium stocks, Deripaska added.

A company spokesman said Rusal would propose the idea to the government soon, but declined to say whether Rusal would offer some of its metal to the government.

Several Russian metals and mining companies proposed the government create state metals stocks to support prices after the financial crisis in 2008 but the idea was never realised.

Chile's Codelco places $750 mln in 10-year bond

SANTIAGO, Aug 6 (Reuters) - The world's No. 1 copper producer Codelco said on Tuesday it had placed a $750 million bond to help fund the miner's plans to boost output.

The Chilean state miner placed the 10-year bond with a 4.5 percent coupon to yield 4.517 percent.

News of the issue was initially reported by IFR, a Thomson Reuters service. "Even though market conditions are tighter than last year, the total cost of the new debt is competitive and is within the planned range," Codelco Chief Financial Officer Ivan Arriagada said in a statement.

Chile's government said last month it will return $1 billion of 2012 profits to Codelco to help the miner meet financing needs.

Codelco is aiming to produce more than 2 million tonnes of the red metal by 2021, a big leap from less than 1.7 million tonnes last year, and to do so has launched an ambitious long-term investment plan of about $28 billion.

ENRC Q2 production ticks higher, iron ore jumps

LONDON, Aug 7 (Reuters) - Kazakh miner ENRC said its ferroalloys division saw output tick higher in the second quarter, while iron ore reported its best three months in three years after a weather-hit start to 2013.

MARKET NEWS *(Continued)*

The London-listed miner said production of saleable ferroalloys for the quarter rose 2.4 percent on the same period last year to 386,000 tonnes. Production was up 6 percent on the first quarter, thanks to high-carbon ferrochrome.

The miner, hit by unusually severe weather in the first quarter, also reported a rise in iron ore extracted and primary concentrate produced, with total saleable iron ore volumes up 20.7 percent. Volumes of saleable product were up more than a quarter on the first three months of the year.

ENRC's growing copper arm saw second-quarter saleable metal jump almost 167 percent on the year ago to a still modest 22,685 tonnes, thanks to the inclusion of its new mine in the Democratic Republic of Congo, Frontier, and higher volumes at its existing Congolese mines, which offset lower grades.

A bidding group led by the founders behind ENRC - whose time as a listed company has been marred by corruption probes, governance concerns and boardroom rows - is seeking to acquire the roughly 46 percent of the group it does not already control.

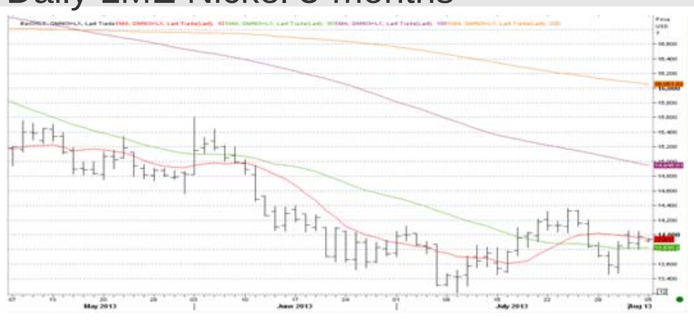
The bid is widely expected to be successful, after shareholders at rival Kazakhmys , ENRC's top shareholder, backed the offer last week - paving the way for the miner to be taken off the market after almost six turbulent years.

ANALYTIC CHARTS *(Click on the charts for full-size image)*

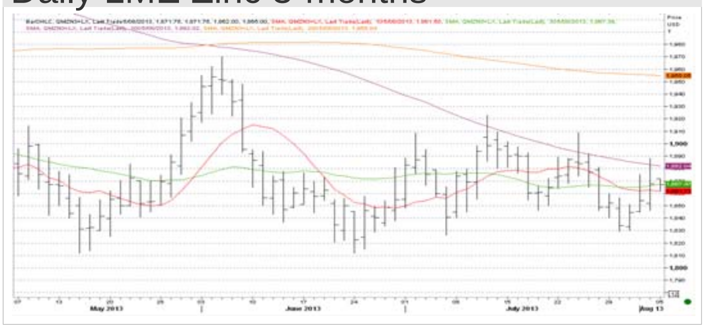
Daily LME Aluminium 3-months

Daily LME Copper 3-months

Daily LME Nickel 3-months

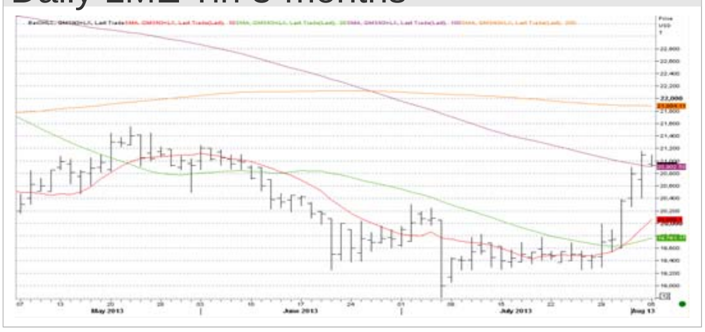


Daily LME Zinc 3-months

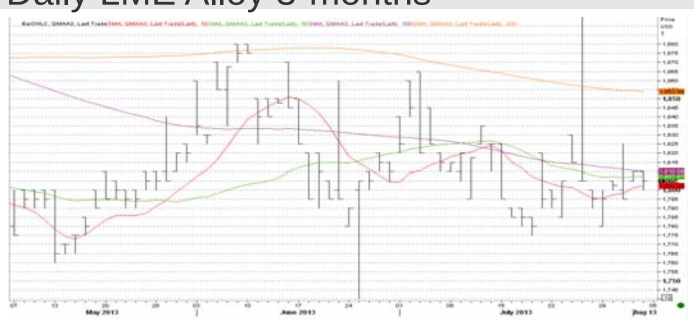


Daily LME Lead 3-months

Daily LME Tin 3-months



Daily LME Alloy 3-months



Daily LME Nasaac 3-months

MARKET REVIEW

METALS-Copper inches down on caution ahead of China data

By Melanie Burton

SINGAPORE, Aug 7 (Reuters) - London copper edged down as traders cautiously looked to key economic data from China later this week for indications on the outlook for demand from the world's top metals consumer.

The world's No.2 economy has slowed in nine out of the past ten quarters, stoking worries about its demand for commodities and dragging down copper prices by 12 percent so far this year.

"We still have a bearish view given the Chinese growth slow-down. Markets are looking towards the data tomorrow. Copper has remained quite resilient to poor U.S. economic data, but if we see negative data out of China that could weigh on prices," said analyst Tim Radford of Sydney-based adviser Rivkin.

China's trade data is due on Thursday, with inflation, industrial output and retail sales on Friday.

Exports, factory output and retail sales may have all edged up in July, according to a Reuters poll, showing initial signs of stabilisation in the Chinese economy as the government takes targeted steps to head off a sharper slowdown.

Three-month copper on the London Metal Exchange had slipped 0.24 percent to $6,988.25 a tonne by 0708 GMT, after finishing up 0.4 percent in the previous session.

Copper has been stuck between $6,600 and $7,100 since mid-June, with little prospect of prices breaking out before seasonal pre-Christmas demand ramps up in the fourth quarter.

The most-traded November copper contract on the Shanghai Futures Exchange finished flat at 50,070 yuan ($8,200) a tonne.

Market players are also keeping an eye on the U.S. Federal Reserve to see when the central bank will start winding down its stimulus, a key driver of investment in global commodities.

The Fed will probably reduce its massive bond-buying programme later this year, and depending on the economic data could do so as early as next month, a top Fed official who is typically among the most dovish policymakers said on Tuesday.

A delayed start to scaling back bond purchases would support metals as cheap capital will then be available to investors for longer and because it undermines the dollar. A weaker dollar makes commodities priced in the greenback cheaper for holders of other currencies.

In other news, Glencore Xstrata and JPMorgan Chase & Co face a U.S. lawsuit, along with the London Metal Exchange, alleging they artificially inflated aluminium prices, in the second legal challenge related to metal warehousing in a week.

PRECIOUS-Gold drops to three-week lows on stimulus fears

By A. Ananthalakshmi

SINGAPORE, Aug 7 (Reuters) - Gold extended losses into a third session falling to a three-week low after strong U.S. trade data and comments by a Federal Reserve official stoked fears the central bank could start tapering its stimulus from next month.

Bullion has lost nearly a quarter of its value this year after 12 annual gains as markets anticipate a reduction in the Fed's $85 billion monthly bond purchases. The commodities-friendly stimulus had pushed prices to all-time highs in 2011.

With physical demand at subdued levels during the seasonally soft summer period, investors are closely monitoring economic data from the United States to gauge the timing of the stimulus tapering.

Traders are also watching technicals as gold prices have fallen below the key $1,300 level.

"Trading in the month of August is always a tough one as thin market conditions are easier to manipulate," said a trader in Singapore.

"We see interim support at $1,268-$1,270 but if we break through those levels, gold could head for the $1,245-$1,251 level easily."

Spot gold had dropped 0.3 percent to $1,277.61 an ounce by 0320 GMT, after losing over 1.5 percent on Tuesday. The metal hit a trough of $1,273.14 on Wednesday, its lowest since mid-July.

U.S. gold declined $6 to $1,276.60.

The Fed will probably reduce its massive bond-buying stimulus programme later this year, and depending on economic data could do so as early as September, Chicago Fed President Charles Evans said on Tuesday.

Evans was the third Fed official in two days to suggest a September pullback was still on the table.

The U.S. economy likely grew faster than initially reported in the second quarter, thanks to a sharp narrowing in the trade deficit to its lowest in more than 3-1/2 years in June as exports touched a record high and imports fell.

CHINA, INDIA SLOW

Shanghai gold futures fell nearly 2 percent on Wednesday, adding to losses from the previous session.

Traders said there wasn't much buying interest from China, the second biggest gold consumer after India, but demand could return when prices fall below $1,250.

China's net gold imports from key supplier Hong Kong slipped about 4 percent in June from a month ago, although purchases held above 100 tonnes.

MARKET REVIEW *(Continued)*

Gold premiums in India eased on Tuesday due to a lack of buying support in the physical market, as traders survived on old stocks amid an absence of fresh imports.

FOREX-Dollar wobbles after touching 6-wk low vs yen on Fed uncertainty

By Masayuki Kitano

SINGAPORE, Aug 7 (Reuters) - The dollar hit a six-week low against the yen dented by uncertainty over when the Federal Reserve will start reducing its monetary stimulus.

The dollar came under pressure as a break of 97.50 yen sparked stop-loss selling of the greenback, which pushed it to 97.09 yen on trading platform EBS, its lowest level against the Japanese currency since late June.

It was last at 97.23 yen , down 0.5 percent from late U.S. trade on Tuesday.

One possible support level for the dollar sits near 96.72 yen, the 61.8 percent retracement of the greenback's rally from mid-June to early July.

Dollar bulls are looking to buy the greenback on dips, but seem wary of doing so at this juncture, said Satoshi Okagawa, senior global markets analyst for Sumitomo Mitsui Banking Corporation in Singapore.

"I don't think people can aggressively take long dollar positions now because market sentiment is poor. What everyone is probably thinking is that they want to buy (dollars against the yen) at some point, but now is not the time," Okagawa said.

Uncertainty about when the U.S. Federal Reserve would begin rolling back its stimulus has kept dollar bulls at bay in recent days.

Below-forecast U.S. jobs data last Friday had prompted investors to push back expectations that the Fed would begin slowing its bond-buying stimulus of $85 billion per month as early as September. The Fed's asset-purchase program is seen as negative for the dollar as it is tantamount to printing money.

The yen rose broadly, with the Australian dollar hitting an eight-month low against the Japanese currency at 87.03 yen . The euro fell to 129.15 yen at one point, its lowest level in about a month.

Against the dollar, the euro held steady at $1.3301 , hovering within sight of a six-week high of $1.3345 set on July 31.

Sterling eased slightly ahead of a major test later on Wednesday when Bank of England Governor Mark Carney is expected to offer forward guidance on how long policy will stay super-easy.

"We see risks that the tone of Carney's press conference is more dovish than expected," said analysts at JPMorgan in a note.

"Beyond any knee-jerk rally, the upshot may well be a more extended period of glorified range-trading for the pound - growth is too strong for the currency to weaken, while the BoE could well be too resolute and effective in anchoring forward rates expectations for it to appreciate."

Sterling last stood at $1.5332 , down 0.1 percent from late U.S. trade on Tuesday.

(Inside Metals is compiled by Pradip Kakoti in Bangalore)