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DAILY BASE METALS REPORT

Markets Turns Their Back On Silver

Summary

- **Takaichi's election boosts Nikkei.**
- **Base metals hold within recent ranges, as zinc spreads tighten to decade highs.**
- **Gold and Silver Retreat as Speculative Heat Cools**

Macro

US equities opened mixed on Tuesday, with the Dow Jones inching higher while the S&P 500 and Nasdaq edged lower. In Japan, the Nikkei surged to new record highs following the election of Prime Minister Sanae Takaichi, whose market-friendly stance and cautious approach to monetary tightening lifted investor sentiment. The yen weakened further, with USDJPY rising above 151.7, as traders increased bets that the Bank of Japan could delay any rate hike at next week's meeting. The new administration's softer tone also heightened speculation that any policy adjustment may favour currency intervention rather than higher rates to support the yen.

In the US, the markets still fully pricing in 50bps of rate cuts by year-end. However, the ongoing government shutdown continues to hinder the release of key economic data, leaving investors without a clear read on inflation or employment trends. Treasury yields extended their decline, with the 10-year dipping below 3.96%, while the dollar firmed, pushing the dollar index back above 98.9.

Base Metals

Base metals are mostly holding within their recent ranges, indicating a continued phase of consolidation. While much attention is focused on today's sell-off in precious metals, we believe that as the markets unwind their speculative positions in precious metals and establish fundamental support levels, this could free up capital for other commodities. As a result, metals like copper may benefit from increased funding.

In the meantime, copper held above the \$10,600/t support level once again, trading at \$10,612/t at the time of writing. Aluminium remained elevated at \$2,780/t. Lead hovered below the \$2,000/t mark at \$1,987/t, as nickel fluctuated around the \$15,180/t mark. Zinc spreads continue to tighten, with the cash to three-month spread approaching \$300/t - the tightest conditions seen in decades. Zinc three-month forward prices have edged slightly higher, moving back toward the significant resistance level of \$3,000/t.

Precious Metals and Oil

Precious metals saw a sharp correction today as profit-taking and reduced safe-haven flows triggered broad liquidations across the complex. Gold dropped more than 6%, briefly testing support near \$4,100/oz before stabilising around \$4,130/oz at the time of writing. After an unprecedented rally, a period of consolidation was widely anticipated. While some additional downside remains possible, the underlying macro backdrop of policy uncertainty and low real yields should continue to lend longer-term support.

Silver, meanwhile, fell almost 5% to around \$48/oz, retracing a portion of its recent parabolic rise. The speed of the pullback reflects how heavily speculative the market had become in recent weeks. Unlike gold, silver’s rally has been less rooted in fundamental demand and more in momentum-driven flows and tight physical conditions. As those pressures ease, prices could remain under corrective pressure before finding a more stable base in the coming weeks.

Oil prices fluctuated, trading slightly higher at the time of writing, with WTI around \$58.0/bbl and Brent at \$61.3/bbl.

								Spreads	Conversion	
	Open	High	Low	5pm Close	PDC	Volume	Total O.I	C-3M	USc/lb	
Aluminium	2768	2799	2764	2781.0	2767	22021	735020	1.36	126.15	
Copper	10703	10733	10542	10623.5	10713	17369	318694	-30.22	481.88	
Lead	1991	1996	1982	1985.0	1994	5159	153816	-39.69	90.04	
Nickel	15200	15265	15145	15175.0	15230	5150	260574	-206.29	688.33	
Tin	35150	35480	35150	35400	35300	398	21632	-56.00	1605.73	
Zinc	2976	3027	2973	2988.0	2976	13642	224013	299.34	135.53	
					Total:	63739	1713749			
Official Prices								Monthly Avg		
	Cash	3m	Dec Yr 1	Dec Yr 2		PD Cash	PD 3M	Cash	3M	
Aluminium	2781	2783	2808.31	2833.31		2781.7	2776.5	2748.566667	2744.466667	
Copper	10612	10637	10534.44	10394.44		10668.15	10691.5	10598.83333	10623.5	
Lead	1949	1989	2065.51	2121.51		1946.72	1988.5	1961.033333	2000	
Nickel	14985	15180	15785.50	16420.50		15017.12	15222	15087	15266.66667	
Tin	35400	35450	35190			35192	35304	36041.66667	36063.33333	
Zinc	3326	2993	2937.62	2807.62		3208.79	2978.5	3109.566667	2992.1	
LME Stocks (tonnes)								Other Copper Markets		
	Opening	In	Out	Net Change	Closing	C-warrants	Open Tonnage	Last	% Change	
Aluminium	487125	0	3000	-3000	484125	78475	405650	Comex, USc/lb		
Copper	137175	0	25	-25	137150	9800	127350	'DEC 25	503.6 1.34	
Lead	247300	0	0	0	247300	170850	76450	'MAR 26	510.6 1.34	
Nickel	250476	0	0	0	250476	6120	244356	Shanghai, CNY/mt		
Tin	2735	0	0	0	2735	205	2530	01-Oct	0 0.00	
Zinc	37325	0	50	-50	37275	12850	24425	01-Nov	85520 0.26	
Global Markets								Previous Day's Fix		
			Currencies		Precious Metals					
Last	% Change			Last	% Change		Last	% Change	AM	PM
DAX	24330	0.29	GBP	1.3371	-0.2536	Gold	4106.30	-5.7388	4252.75	4294.35
DJI	46965	0.55	JPY	151.9400	-0.7832	Silver	48.30	-7.9179		5180
S&P500	6741	0.09	EUR	1.1604	-0.3264	Gold Comex	4119.6	-5.501		
SSE	3916	1.36	CNY	7.1247	-0.0449	Platinum	1544.61	-5.3855		
Hg Seng	26028	0.65	AUD	0.6489	-0.3685	Palladium	1410.03	-6.4489		
Brent	61	0.62	CAD	1.4018	0.1355					
Source:	Bloomberg									
Updated:	21/10/2025 17:30									

All price data is from 21.10.2025 as of 17:30

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