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DAILY BASE METALS REPORT

Metal Tightness Softens

Summary

- Equities retraced Tuesday's losses despite growing uncertainty around Greenland's future.
- Copper spreads flipped into contango and inventories jumped; we see the market transitioning from tight to more balanced conditions, with upside losing its squeeze-driven urgency.
- Gold hit fresh highs on geopolitical uncertainty while silver lagged, suggesting momentum may pause.

Macro

US equities opened firmer, retracing part of their recent losses, though broader sentiment remained cautious ahead of further messaging from Davos, where Trump again highlighted the strategic importance of Greenland for US security and called for immediate negotiations. The Dollar Index held near yesterday's lows around 98.6, while the US 10-year yield remained elevated near 4.3%.

Base Metals

Base metals futures were mostly steady. Copper cash-to-3m flipped back into contango, moving from +\$80/t to around -\$31/t, with the 3m contract trading near \$12,860/t. Aluminium briefly tested \$3,150/t before softening to just above \$3,122.5/t, while nickel held above \$18,050/t and tin remained close to record highs above \$51,000/t. Lead continued to fade, slipping to around \$2,025/t and failing to retrace yesterday's losses.

Inventories saw a big jump, with aluminium stocks posting their largest daily increase since October, though still below levels seen just a month ago. Along the copper curve, LME prices have moved above COMEX for the first time since 2022, pushing the arbitrage into negative territory. A negative arb incentivises shipments back to the LME, helping explain the stock increase, while COMEX inventories continue to rise in parallel.

We see copper and base metals transitioning out of a tight physical phase into a more balanced one. Upside remains possible, but the rally loses its tightness-driven urgency.

Precious Metals

Gold benefited from renewed geopolitical uncertainty, setting fresh record highs around \$4,888/oz. We think safe-haven demand could remain supported in the near term as long as the policy rhetoric on Greenland remains unpredictable.

The safe-haven impulse has not extended to silver, which fell below \$93/oz. Recent price action and lighter volume suggest the rally is losing steam. RSI and MACD momentum have levelled off, and upside conviction has softened. Structural trailing support is well below spot, so the broader uptrend remains intact, but a period of corrective consolidation looks likely unless price can regain momentum and break above the recent high.

Oil prices firmed, with WTI above \$60/bbl and Brent nearing \$65/bbl. We expect crude to remain sensitive to geopolitical headlines and broader risk sentiment.

All price data is from 21.01.2026 as of 17:30

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