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DAILY BASE METALS REPORT

# Copper Curve Shifts Gears

## Summary

- Risk-on assets continued to benefit from easing US pressures on Greenland and European countries.
- Resilient macroeconomic data further reinforced a hawkish Fed, with the next cut not priced until July.
- A sharp rise in LME copper stocks eased availability concerns and pushed cash-3M into deeper contango. If inventories keep climbing, more curve unwinding and further forward price declines are likely.
- Precious metals continued to advance despite weakening haven demand, underscoring price resilience.

## Macro

Last night, market attention turned to Davos, where President Trump reassured investors that the US would back off from Greenland and announced that all tariffs on European allies would be scrapped. This bolstered market confidence, fuelling risk-on assets such as US equities, with the S&P 500 not only erasing the previous day's losses but also gaining further momentum at the open. Additionally, renewed confidence among chipmakers provided an extra lift to tech stocks.

From a macroeconomic perspective, the US economy expanded by 4.4% in Q3 2025, slightly above expectations, supported by stronger exports and a smaller drag from inventories. Consumer spending increased in line with market expectations, rising 3.5% and reinforcing the picture of resilience. US initial jobless claims edged up to 200,000 in the week ending January 17th, a slight week-over-week increase. Although today's labour market data showed positive results, it did not boost confidence but rather reinforced expectations of a hawkish Fed narrative, with the first rate cut not anticipated until July 2026.

## Base Metals

The sharp build in LME copper stocks to May 2025 highs eased prompt availability concerns, pushing cash-3M further into contango at around -\$75/t today. With 3-month prices only modestly softer at \$12,730/t, the move reflects a front-end reset rather than a repricing of longer-term expectations, driven in part by a negative CME-LME arbitrage incentivising deliveries into LME. Should inventories continue to rise in the coming sessions, the risk of further unwinding along the curve would increase, potentially translating into deeper pullbacks in forward pricing, in our view.

Overall, this underscores a material shift in market structure. Should copper price discovery absorb the weight of this unwind, the broader base metals complex could face growing downside pressure in the near term, a risk we remain cautious of. That said, with nearby spreads across the complex now in contango, we do not see an immediate vulnerability in any single metal, leaving copper's forward curve dynamics as the primary guide for

near-term momentum.

In the meantime, aluminium is hovering above \$3,100/t. Lead dipped below \$2,020, as zinc edged higher to \$3,210/t. Nickel held its nerve just above \$18,000/t.

### **Precious Metals**

Precious metals opened on the back foot this morning, absorbing the cooling Greenland risk. However, this momentum quickly reversed, lifting both silver and gold, with recent highs continuing to act as resistance. This points to persistent upward pressure on prices, even as safe-haven demand softens. Gold and silver are both trading near \$4,870/oz and \$95.70/oz, respectively.

Oil futures decline as market focus turned to the outlook for rising supplies in the US, while the fears over Greenland subsided.

All price data is from 22.01.2026 as of 17:30

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### **Risk warning**

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