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DAILY BASE METALS REPORT

Metals Rally Shows No Signs of Slowing

Summary

- Despite solid economic fundamentals, diversification away from the US continues, leading to a dollar sell-off today.
- Base metals rallied, but as volatility increased, directional conviction in the market is fading.
- The rally in precious metals remains relentless, with silver breaching the significant \$100/oz mark as gold approaches \$5,000/oz.

Macro

US equities drifted sideways on Friday as markets consolidated a week of volatile trading driven by a range of geopolitical uncertainties. The latest developments, including the turnaround on Greenland and the easing of trade tensions with EU allies, helped ease pressure on the US. As a result, US equities largely ended the week where they began, with no change week-on-week.

The dollar index sold off rapidly towards 98.00 – a December low. Indeed, the move away from the US and Europe persists, with diversification flows favouring precious metals and emerging markets. Additionally, robust US economic performance has cemented expectations of a hawkish Fed, helping to solidify the dollar's position at current levels. We expect upside on the dollar index to remain limited in the near to medium term.

Elsewhere, the BOJ left rates unchanged at 0.75% while raising its inflation outlook for Japan. A rate hike is now not expected until June 2026, which contributed to a volatile session for the yen, fluctuating in a wide 157.37-158.40 range against the dollar.

Base Metals

Base metals jumped higher on Friday, erasing the week's moderate losses as upside appetite resurfaced. While copper and aluminium extended gains toward \$13,150/t and \$3,170/t respectively, rallies were met with sharp selling into strength, resulting in a volatile session. This two-way price action was accompanied by a moderate pickup in implied volatility, suggesting fading directional conviction.

Looking into the weeks ahead, seasonally thinning liquidity into the Asian holiday period is likely to amplify price swings, as reduced market depth increases sensitivity to relatively small flows. At the same time, rising LME and CME inventories alongside a jump in SHFE-deliverable material point to physical players front-loading deliveries ahead of this holiday break, likely to reduce exposure while markets are less liquid. We believe price discovery will continue to remain choppy, range-driven in the near-term.

Tin rallied to another record high of \$56,810/t, with nickel and zinc closely behind, trading at \$18,700/t and

\$3,270/t at the time of writing.

Precious Metals

Precious metals show no signs of stopping on the upside, with silver touching the monumental \$100/oz mark and gold approaching \$5,000/oz. This momentum appears relentless, and for us, the question is not the directional view but how long market participants can finance these gains.

All price data is from 23.01.2026 as of 17:30

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