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DAILY BASE METALS REPORT

Precious Metals Shine Brightest

Summary

- Continued outflows from the US push the dollar index to a 4-month low.
- This week's FOMC meeting is not expected to bring any major changes to rates, guidance, or the selection of the next Fed Chair.
- Base metals have remained firm, supported by dollar weakness.
- Gold and silver stand out, having breached the psychological \$5,000/oz and \$100/oz levels with no clear resistance. We remain cautious about how much further this rally can extend.

Macro

US markets opened on a volatile note on Monday, as the dollar index continued to weaken, falling to a 4-month low of 96.80, and gold surged above the critical \$5,000/oz mark. We continue to see outflows from the US, driven by ongoing geopolitical uncertainty and persistent political and fiscal challenges. In addition, there was speculation over the weekend of a coordinated rate check by the NY Fed and Japan as an intervention measure as the yen approached the key 160 threshold.

This week brings the FOMC meeting this Wednesday, where no rate changes are expected, though forward guidance may be slightly updated. We believe that discussions of the next Fed chair are unlikely to occur at this meeting. Instead, market attention is to remain focused on geopolitical and political developments, which could further bolster the appeal of safe haven assets, especially if dollar weakness persists.

Base Metals

Most of the complex opened on the front foot, supported partly by continued dollar weakness. Copper held firmly above \$13,000/t as aluminium approached the \$3,200/t resistance level once again. Zinc prices rallied to \$3,350/t – a January 2023 high, as lead posted a volatile session but ended the day pretty much unchanged at \$2,030/t.

Spreads in aluminium and copper unwound sharply last week, flipping decisively into contango. Given the scale and speed of this unwind, we see scope for partial mechanical re-tightening, which would help underpin near-term price resilience in both metals. However, we believe this is more likely to materialise in early to mid-February, as Chinese physical participants leave for the holiday period.

LME stock builds in both aluminium and copper have stalled, suggesting that a portion of pre-Lunar New Year shipments may now be complete. With incremental deliverable material potentially continued to be shipped over to the LME in the coming weeks, this could limit extreme tightness in the spread activity in the meantime.

Precious Metals & Energy

Gold and silver continue to absorb flows, with the psychologically important levels of \$100/oz and \$5,000/oz easily bypassed and no clear resistance encountered. Silver and gold volatility increased, with prices now posting extremely wide ranges on the intraday. Given how easily these critical levels have been breached, we remain cautious about how much further the rally can extend and see the potential for a sharp, rapid reversal if sentiment shifts decisively. The ability to unwind such a trend will largely depend on whether key technical support levels - particularly those established since the rally began in November - hold firm.

Natural gas prices have more than doubled over the past week after a US snowstorm took 10% of domestic gas production offline, just as demand surged. We view this price spike as temporary, given the one-off nature of the event, but it highlights how sensitive prices are to US production, with even a modest reduction prompting such a dramatic response. WTI and Brent edged lower to \$60/60/bbl and \$65.50/bbl, respectively.

All price data is from 26.01.2026 as of 17:30

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