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DAILY BASE METALS REPORT

When the Bull Meets the Bear

Summary

- Dollar rebound kept risk tentative despite firmer equities.
- Volatility and positioning dominated in metal markets as bulls and bears collided.
- Precious metals' unwinding slowed, but direction remains unresolved.

Macro

US equities opened the week on firmer footing, while the dollar continued to rebound, with the DXY pushing toward 97.5. Treasury yields moved higher in the afternoon but remained capped, with the 10-year holding below 4.28%. For now, the dollar looks set to grind modestly higher, though we would still view any near-term strength as tactical rather than structural.

Markets are beginning to position around the implications of Kevin Warsh's nomination as Fed Chair. While his appointment may initially be read as aligning with Trump's preference for easier financial conditions, and an early rate cut remains the base case, Warsh's reputation for decisiveness leaves scope for a shift toward a firmer policy tone later in the year should inflation dynamics demand it. That optionality is likely to keep markets sensitive to incoming data and prone to sharper, faster reactions than in recent months.

Base Metals

Base metals weakened further, but the more striking feature of today's trade was how prices moved rather than where they settled. Volatility remains elevated, with sharp volume spikes clustering around key inflection points, which is a clear sign that bulls and bears are engaging simultaneously rather than one side capitulating. In this environment, price discovery is being driven by very short-term positioning and rapid turnover rather than conviction.

Copper slipped back below \$13,000/t, briefly testing as low as \$12,000/t before stabilising. Aluminium hovered just above \$3,050/t, while lead remained below \$2,000/t and zinc struggled to hold \$3,300/t. Nickel traded below \$17,000/t, and tin fell below \$46,000/t. Across the complex, the highest volumes continue to coincide with turning points, underscoring that positioning is being rapidly recycled rather than built.

Another leg lower remains possible, though both timing and magnitude are highly uncertain. A firmer dollar caps upside, while expiry-related dynamics are keeping traders focused on very short holding periods.

Precious Metals

The recent sell-off in precious metals continued to reverberate through markets, with speculative unwinding driving broad volatility. Gold briefly tested the \$4,400/oz area before rebounding back above \$4,600/oz, while

silver hovered near \$80/oz. The price action continues to reflect a reassessment of positioning rather than a deterioration in the longer-term narrative.

It is also worth noting that prices had previously moved well beyond levels typically associated with pure safe-haven demand linked to geopolitical or macro uncertainty. As a result, the correction appears less about uncertainty subsiding and more about excess positioning being cleared. Until that process runs its course, direction is likely to remain uncertain, with further sharp swings possible even in the absence of new fundamental catalysts.

Oil prices moved lower, with WTI around \$62.3/bbl and Brent near \$66.4/bbl at the time of writing, as recent geopolitical premium was partially unwound.

All price data is from 02.02.2026 as of 17:30

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