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DAILY BASE METALS REPORT

Metals Lower

Summary

- Markets stayed selective ahead of earnings and central bank decisions.
- Lighter volumes and a firmer dollar kept the base metal complex in consolidation mode.
- Precious met resistance on rallies while oil softened.

Macro

US equities opened mixed, with clear divergence between the Dow Jones and the Nasdaq as investors remained selective ahead of Alphabet's earnings after the close. Final PMI prints showed a modest improvement in US private-sector activity versus preliminary readings, while the UK and Eurozone saw slight downticks. Even so, services activity remained expansionary across regions, with the UK leading at 54.0, followed by the US at 52.7 and the Eurozone at 51.6.

The dollar edged higher, with the DXY pushing above 97.7, while the 10-year Treasury yield hovered just below 4.30%. For now, FX and rates continue to signal consolidation rather than a decisive shift in direction.

Eurozone CPI eased to 1.7% y/y, reinforcing the view that inflation pressures are no longer a constraint for policy. Attention now turns to tomorrow's central bank decisions, where both the Bank of England and the ECB are expected to leave rates unchanged, with the BoE at 3.75% and the ECB at 2.0%.

Base Metals

A firmer dollar weighed on base metals, with the complex softening broadly. Today's session was particularly instructive following the recent spell of elevated volatility. Trading volumes declined compared with the last few days, suggesting that much of the forced positioning and short-term churn has now passed, leaving markets in a consolidation phase.

Copper slipped below \$13,200/t, reinforcing the sense that upside momentum has stalled. We see scope for copper to hover around the \$13,000/t area in the near term as participants wait for clearer signals from FX or macro before rebuilding exposure. Aluminium tracked copper lower, slipping below \$3,070/t, while nickel weakened below \$17,400/t. Tin briefly tested the \$48,000/t level but failed to sustain gains, remaining sensitive to liquidity conditions.

By contrast, lead and zinc traded in relatively tight ranges, hovering around \$1,965/t and \$3,340/t respectively. Overall, price action points to consolidation rather than capitulation. With volumes lighter and conviction limited, we expect base metals to remain rangebound near-term, with direction increasingly dependent on the dollar and upcoming policy signals.

Precious Metals

Precious metals initially outperformed base metals but later gave back gains, highlighting continued two-way trade. Gold tested the \$4,900/oz area, while silver hovered near \$86/oz. We see the \$5,000/oz level in gold, and \$90/oz in silver, as difficult to sustain without a fresh catalyst. With positioning still elevated relative to traditional safe-haven demand, we expect precious metals to trade rangebound for now, with rallies likely met by profit-taking and dips attracting selective buyers.

Oil prices softened modestly, with WTI unable to sustain a move above \$64/bbl and Brent struggling to hold above \$68/bbl. While geopolitical risk continues to offer a degree of support, the lack of follow-through suggests crude may remain capped in the near term absent a material escalation or improvement in demand signals.

All price data is from 04.02.2026 as of 17:30

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