Sucden Financial

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DAILY BASE METALS REPORT

Relatively Quiet on the Metal Front

Summary

- Risk stabilised as last week's sell-off paused, though conviction stayed thin.
- Base metals' consolidation held as volumes thinned and China holiday effects crept in.
- Precious rebounded on a softer dollar while oil stayed pinned near range highs.

Macro

Despite opening lower, US equities stabilised and moved higher through the session as technology stocks extended their rebound from last week's sell-off. Buying interest returned selectively to large-cap names, suggesting some investors are willing to re-engage after the recent drawdown, even as broader conviction remains fragile.

The dollar softened modestly as risk sentiment improved, with the DXY giving back part of last week's gains. US Treasury yields initially pushed higher, but the move faded through the session, leaving the 10-year broadly flat on the day around 4.21%. The price action underlines that FX and rates continue to trade on shifts in sentiment rather than any clear reassessment of the policy outlook.

Looking ahead, this week's US labour and inflation releases have the potential to reintroduce volatility into the macro backdrop if they fall short of expectations and revive rate-cut speculation.

Base Metals

Base metals consolidated following last week's heightened volatility, with the complex edging modestly higher on Monday. Copper moved toward $13,650/t, while aluminium rose above $3,120/t as volumes picked up once US flows entered the market. Nickel traded above $17,300/t and tin rebounded sharply, jumping back above $49,100/t. By contrast, zinc slipped below $3,380/t, while lead struggled to hold the $1,965/t level.

Copper volumes have begun to fade, pointing to a calmer trading environment. With Chinese markets heading into the holiday period, domestic exposure is expected to diminish into the weekend. In this context, price action is likely to remain contained unless speculative appetite resurges or a macro headline disrupts sentiment, in which case thinner liquidity could amplify moves. We have also seen Chinese physical players offloading SHFE inventory, reflecting a desire to reduce exposure to post-holiday volatility rather than extend hedging into an uncertain macro backdrop.

Precious Metals

Precious metals outperformed, supported by the softer dollar, but volatility remained elevated. Gold pushed firmly back above $5,000/oz, trading around $5,070/oz, while silver climbed above $83/oz. Despite the rebound, price

action continues to look positioning-driven rather than fundamentally new, with volatility still acting as a deterrent to broader participation. High margin requirements and elevated hedging costs are limiting the return of more commercial flows.

Silver saw some tightening along the curve, with the 1-month forward flipping into backwardation, though the underlying driver remains unclear. In China, additional restrictions on opening new positions may further constrain liquidity. Taken together, these dynamics are likely to keep volatility elevated in the upper ranges over the near term.

Oil prices also firmed, trading near the top of recent ranges, with WTI around $64.5/bbl and Brent near $69.0/bbl.

All price data is from 09.02.2026 as of 17:30

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