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DAILY BASE METALS REPORT

Tariff Shock Weakens Dollar, Metals Bid

Summary

- Court ruling on tariffs pressured the dollar after inflation data drove yields higher.
- Dip-buying and stronger participation kept the base metal complex supported.
- Precious gained while oil consolidated after its surge.

Macro

US equities fluctuated at the open as markets digested fresh inflation data. Core PCE, the Federal Reserve's preferred inflation gauge, rose more than expected in December, reinforcing the view that underlying price pressures remain sticky.

At the same time, Q4 US growth slowed more than anticipated, partly reflecting lingering effects from last year's government shutdown alongside softer consumer spending. The combination of firmer inflation and moderating growth complicates the policy outlook and strengthens expectations that the Federal Reserve may delay rate cuts until later in the year.

The dollar index initially strengthened toward 98.0 following the firmer-than-expected PCE inflation data, before reversing course later in the session and easing back toward 97.6. The late pullback came after the US Supreme Court struck down tariffs previously imposed under emergency powers, ruling that the administration had exceeded its authority. The decision removed a layer of policy risk that had been supporting the dollar, prompting a shift toward risk assets and precious metals. However, while the tariffs have formally been invalidated, markets expect the administration may pursue alternative measures or delay tactics, which could limit the durability of the move.

US Treasury yields followed a similar intraday pattern, rising above 4.10% after the inflation release before stabilising as investors reassessed the broader policy implications.

Base Metals

Base metals moved higher overall, supported by firmer participation once US trading began. Copper briefly pushed above the \$12,950/t area as volumes increased, indicating renewed short-term interest at key levels. Aluminium traded in a tighter range, repeatedly testing resistance near \$3,100/t without a decisive break. Lead strengthened toward \$1,965/t, zinc approached \$3,380/t, and nickel rose above \$17,400/t, suggesting improving sentiment across the complex.

We see underlying support firmly in place, with consistent dip-buying suggesting downside is contained and leaving scope for further upside if participation builds.

Precious Metals

Precious metals edged higher, with gains driven primarily by the policy shock following the Supreme Court's tariff ruling rather than by currency dynamics. The decision injected a degree of macro uncertainty and triggered fast repositioning, prompting flows into metals as markets adjusted to the sudden shift in trade-policy expectations. Gold held comfortably above \$5,000/oz and tested the \$5,050/oz area, while silver showed stronger momentum. Once the metal cleared \$79/oz, it accelerated quickly above \$80/oz, trading near \$82/oz at the time of writing. The move highlights how sensitive silver remains to sudden macro catalysts and positioning shifts.

Oil prices eased slightly after Thursday's sharp rally, with WTI around \$66.0/bbl and Brent near \$71.5/bbl. The pullback appeared corrective rather than structural, suggesting the broader upward bias remains intact for now.

All price data is from 20.02.2026 as of 17:30

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