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DAILY BASE METALS REPORT

Markets Drift as Policy Uncertainty Builds

Summary

- Markets pricing policy uncertainty rather than concrete tariff implementation.
- Directionless trade persists as positioning dominates fundamentals.
- Geopolitics underpin gold and crude while volatility risk stays elevated.

Macro

US equities opened lower as markets continued to grapple with uncertainty surrounding US trade policy. The tariff framework remains legally unsettled after the Supreme Court blocked the administration's original global tariff plan, forcing a shift toward alternative legal tools rather than a change in policy direction. In response, officials signalled a new roughly 10–15% broad import tariff could be introduced under temporary emergency trade authority, allowing implementation without congressional approval but only for a limited period.

Markets appear to be interpreting the proposal less as a final policy structure and more as a negotiating mechanism and time-buying strategy. We see tariffs remaining politically attractive ahead of elections given they can be adjusted quickly and used as leverage, suggesting headlines rather than actual trade flows are likely to drive volatility in the near term. The most probable path is therefore continued announcements, threats, and selective exemptions rather than immediate implementation of a uniform tariff regime.

The dollar index hovered around 97.5 while the 10-year yield eased toward 4.03%, reflecting a modest shift toward defensive positioning as policy uncertainty persisted.

Base Metals

Base metals traded without strong conviction, reflecting a market still searching for direction. Copper slipped below \$12,900/t and closed near \$12,875/t, while tightening nearby spreads suggest positioning support is emerging beneath the surface. Aluminium remained rangebound around \$3,100/t, with price action stable but lacking follow-through.

Zinc tested \$3,380/t early before easing toward \$3,360/t, lead drifted lower to test \$1,950/t, and nickel softened below \$17,300/t. Tin was the relative outperformer, climbing toward \$48,000/t as thin liquidity amplified moves.

Overall, the complex retains a slightly heavy tone, with participants broadly expecting a mild corrective phase rather than a sharp sell-off. We see aluminium as a key risk point given its sensitivity to energy prices, meaning any further strength in oil could quickly feed through into aluminium volatility. For now, price action suggests a drifting market rather than a directional one, with positioning and liquidity continuing to dominate short-term moves.

Precious Metals

Precious metals strengthened, with gold rising above \$5,200/oz and silver approaching \$88/oz. Silver's forward curve has shifted back into contango, signalling reduced immediate tightness, yet spot prices remain well supported. The divergence suggests that positioning and macro hedging flows, rather than physical constraints, are currently the primary drivers.

Looking ahead, the key question is whether geopolitical concerns begin translating into broader cross-asset allocation shifts. If so, we would expect additional safe-haven flows into precious metals, particularly given how responsive they have recently been to policy and geopolitical headlines.

Oil prices moved higher, with WTI near \$66.5/bbl and Brent above \$71.0/bbl. Tensions between the US and Iran stayed elevated but contained, with diplomatic talks expected later this week even as military signalling continues on both sides. We see this combination of negotiation alongside deterrence as supportive for commodities sensitive to geopolitical risk, particularly oil and precious metals, while still falling short of the type of escalation that would materially disrupt global trade or supply chains.

All price data is from 23.02.2026 as of 17:30

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