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DAILY BASE METALS REPORT

Risk Premium Returns

Summary

- Hotter PPI reinforced higher-for-longer expectations, but yields fell below 4% as growth and geopolitical risks took centre stage.
- Early strength met resistance, yet copper and tin outperformed, signalling underlying support despite intraday volatility.
- Escalating US-Iran tensions pushed gold above \$5,200 and lifted crude, reintroducing a geopolitical risk premium.

Macro

US equities opened lower as technology weakness extended, with sentiment pressured by a combination of sticky inflation signals and geopolitical stress. January producer prices rose more than expected, reinforcing the view that underlying price pressures remain persistent and strengthening expectations that the Federal Reserve will keep rates on hold for longer.

The data showed wholesale prices climbing 2.9% YoY, pointing to ongoing cost pressures in services and core goods.

Despite the firmer inflation signal, Treasury yields moved lower, with the 10-year slipping below 4%, suggesting bond markets focused more on growth and risk sentiment than on inflation alone. Meanwhile, the dollar eased but remained supported above 97.7 as investors balanced rate expectations against safe-haven demand.

Geopolitics dominated headlines. US-Iran nuclear talks ended without a breakthrough, while Washington authorised the departure of non-essential personnel from Israel and urged citizens to leave amid rising fears of military escalation. We see this as a key macro tail risk. Even without immediate conflict, heightened military signalling is enough to keep volatility elevated.

Base Metals

Base metals traded mixed with pronounced intraday reversals. Most of the complex rallied early but struggled to sustain gains once volumes picked up, reinforcing the idea that liquidity bursts are still dictating direction.

Copper and tin led performance. Copper pushed through recent resistance near \$13,300/t and briefly tested the \$13,500/t area before surrendering part of the move as midday volumes increased, stabilising near \$13,360/t. The rejection of lower levels and repeated tests higher suggest underlying demand remains present, and we see scope for further upside attempts if macro sentiment steadies.

Tin surged toward \$58,000/t and held near \$57,500/t, approaching January highs. Given tin's thin liquidity profile, we expect outsized moves to persist, and if current momentum holds, a retest of record territory next week looks plausible.

Aluminium remained rangebound, repeatedly failing near \$3,170/t despite late-session volume spikes. Lead and zinc softened, with zinc slipping below \$3,320/t to a one-week low before buyers emerged. Nickel held broadly sideways between \$17,750–18,000/t, with \$18,000 continuing to act as a near-term pivot.

Overall, we see the complex as tactically supported rather than structurally bullish. Dips are being bought, but rallies still attract selling, implying consolidation with an upside bias if macro volatility fades.

Precious Metals

Precious metals strengthened as geopolitical tensions intensified. Gold broke above the \$5,200/oz area to test roughly \$5,240/oz, confirming that safe-haven demand remains highly responsive to geopolitical risk. Silver followed, reaching around \$93.5/oz — its strongest level since the late-January unwind.

We expect gold to remain sensitive to developments in the Middle East. If tensions ease, profit-taking above \$5,200/oz is likely, but if rhetoric escalates, fresh inflows could extend the rally quickly.

Oil prices also moved higher on the geopolitical backdrop, with WTI above \$66/bbl and Brent above \$72/bbl. The move reflects risk premium returning to crude markets as traders reassess supply disruption probabilities tied to regional instability.

All price data is from 27.02.2026 as of 17:30

*A joint US–Israeli air strikes on Iran happened on 28 February, which targeted a wide range of Iranian military sites and reportedly killed Supreme Leader Ayatollah Ali Khamenei, Iran launched immediate missile and drone retaliation across the region including at Israeli territory and US bases in Gulf states, marking a dramatic escalation into open conflict.

The sudden surge in geopolitical risk sent investors into safe-haven assets and energy markets sharply higher: gold rallied past the US\$ 5,400 / oz level, while oil prices jumped strongly, with WTI rising above US\$ 73 and Brent trading close to US\$ 80 on fears of disrupted supplies through the strategically vital Strait of Hormuz.

Risk warning

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