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DAILY BASE METALS REPORT

When Precious Turn Risky

Summary

- Middle East war shock deepens: oil, LNG and stocks repriced on expanding conflict.
- Lower highs continue to form across the base metal complex, with support holding for now but conviction absent.
- Precious metals reversed gains while crude continues climbing.

Macro

Global risk assets slumped sharply as the Middle East conflict broadened far beyond initial expectations, undermining confidence and triggering broad repricing across markets. With attacks and counter-attacks now reported from Iran, Qatar, Oman and Saudi Arabia, including drone and missile strikes on key ports and oil infrastructure, the conflict is spilling across borders and energy chokepoints, particularly the Strait of Hormuz, which remains effectively closed to commercial traffic.

US stocks gapped lower with global equities weakening as traders braced for a sustained period of heightened geopolitical risk. At the same time, traditional safe-haven relationships fractured. The dollar surged, pushing the DXY above 99.5, while 10-year Treasury yields briefly moved above 4.1% as markets priced in energy-driven inflation risk. Gold, however, failed to behave as a classic haven and instead sold off alongside broader risk assets, underscoring how positioning and liquidity pressures are currently overriding textbook safe-haven flows.

Energy markets continue to dominate the macro narrative. Oil climbed steadily through the session, with WTI above \$77/bbl and Brent around \$84/bbl at the time of writing - both marking multi-month highs as traders price in a severe supply shock if the Strait remains disrupted. Volatility in natural gas and LNG has also accelerated sharply, with benchmark European gas contracts up more than 50% as Qatari LNG production halts and shipping through the Gulf's main arteries becomes increasingly untenable.

Base Metals

Base metals traded with a defensive tone, with intraday rebounds repeatedly sold into and conviction remaining limited across the complex. Copper attempted to stabilise early in the session but failed to regain the \$13,100–13,150/t area. The metal briefly recovered, yet the broader structure remains one of lower highs following the recent breakdown. For now, the inability to reclaim higher ground keeps the near-term bias cautious, with downside risks still skewed toward the late-February lows.

Aluminium briefly rallied in early trade, extending the geopolitical gap higher, but the move quickly faded as selling emerged into strength. Prices retraced steadily through the session, giving back a significant portion of the spike before stabilising near \$3,240–3,250/t into the close.

Zinc extended its recent weakness, slipping below \$3,320/t before attempting a modest recovery. The broader pattern continues to reflect a gradual grind lower from the \$3,400/t area, with resistance now firmly established on intraday rallies. Lead was comparatively more stable but still drifted lower. The move lacked the sharp volatility seen elsewhere in the complex, suggesting reduced participation, though directionally the tone remains soft.

Overall, the complex continues to react to broader risk dynamics. Rallies are being treated tactically, not structurally, and until key resistance levels are reclaimed, the bias across base metals remains cautious.

Precious Metals

Precious metals initially traded higher on the geopolitical open; however, the upside lacked structural follow-through. Once the dollar accelerated and US equities opened under pressure, both metals reversed sharply. Gold broke decisively below the \$5,200/oz area before stabilising near \$5,100–5,150/oz. Silver's move was even more exaggerated, collapsing through \$90/oz and extended toward the low \$80s, with intraday swings significantly wider than those seen during the climb.

The technical asymmetry is clear. Since the start of the year, advances in gold have been gradual, stair-stepping higher with consolidations above moving averages and contained volatility. By contrast, pullbacks have been fast and disorderly, characterised by sharp vertical moves, consistent with liquidation rather than fresh directional selling. Volume behaviour during today's sell-off reinforces that view: participation surged on the decline, not on the advance.

This suggests that precious metals are currently trading less as pure safe havens and more as leveraged macro positioning vehicles. Until the market sees either a genuine shift toward defensive capital allocation or a material reduction in speculative length, downside moves are likely to remain sharper and more violent than the upside grind.

All price data is from 03.03.2026 as of 17:30

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