Sucden Financial

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DAILY BASE METALS REPORT

Metals Regain Footing as Markets Shift from Panic to Positioning

Summary

- Middle East tensions continue to dominate global markets.
- The base metal complex stabilised supported by a softer dollar.
- Gold rebounded toward $5,150/oz and silver toward $84/oz after Tuesday's sharp liquidation.

Macro

Global markets remained dominated by developments in the Middle East as the conflict between the US-Israel alliance and Iran continues to escalate. Reports confirmed further military strikes and disruptions to shipping through the Strait of Hormuz, with tanker traffic dropping sharply and energy infrastructure coming under pressure.

Oil markets remain the epicentre of the shock. Brent has moved toward the low-$80/bbl area this week as traders price the risk of supply disruptions and potential attacks on regional infrastructure. We see the current move as largely geopolitical risk premium rather than structural supply loss, though the market remains extremely sensitive to further developments around the Strait of Hormuz, through which roughly a fifth of global oil flows.

US markets opened more stable after the previous session's liquidation, supported by reports that Iranian officials may have reached out indirectly to the US regarding potential negotiations. The dollar remained firm, reflecting continued demand for liquidity and safety, while US Treasury yields held near the 4% area as markets weigh geopolitical risk against the inflationary implications of higher energy prices.

For now, we see macro markets shifting from panic repricing to tactical positioning. If energy prices remain elevated, we expect inflation expectations to remain supported, which could complicate the path for central bank easing later this year.

Base Metals

Base metals stabilised after yesterday's sharp volatility, with the complex showing tentative recovery but still lacking strong conviction. The rebound was broadly supported by a softer dollar, which provided some relief across the metals space following the previous session's macro-driven liquidation.

Aluminium outperformed, pushing higher toward $3,340/t and maintaining most of the gains into the close. The move was reinforced by news that aluminium production in Bahrain has been placed under force majeure following operational disruptions, tightening near-term supply expectations and adding momentum to the rally.

Copper traded more cautiously, fluctuating around the $13,100/t area after yesterday's sharp drop below $13,200/t. The metal attempted several intraday recoveries but struggled to sustain moves higher. We see the market consolidating for now, with participants waiting for clearer signals from macro and risk sentiment before re-establishing directional positions.

Overall, we see base metals transitioning into a consolidation phase following the recent macro-driven liquidation. With the dollar likely to stabilise after its recent spike and geopolitical headlines beginning to be digested by markets, we expect a moderate recovery across the complex in the near term. Precious metals are already attempting to retrace part of Tuesday's aggressive sell-off, and we see this stabilisation in the broader metals space providing a supportive backdrop for base metals as well. If the dollar settles as expected, metals could see a modest upside bias into tomorrow's session as positioning normalises and risk sentiment stabilises.

Precious Metals

Gold recovered toward the $5,150/oz area after briefly dropping close to $5,000/oz yesterday, while silver rebounded modestly toward $84/oz after the sharp break below $90/oz. The structure of the move remains asymmetric: advances continue to develop gradually, while downside corrections remain abrupt and aggressive.

We see this dynamic largely driven by positioning. Precious metals remain heavily owned within macro portfolios, meaning that when cross-asset volatility rises and margin pressure builds, liquidation tends to be rapid. Conversely, buying interest typically rebuilds gradually once markets stabilise.

For now, we expect precious metals to remain highly reactive to geopolitical headlines. If tensions in the Middle East escalate further, safe-haven demand could reemerge quickly. However, in the absence of additional shocks, positioning adjustments are likely to keep volatility elevated.

Oil prices remained elevated, with WTI trading in the mid-$70s and Brent near the low-$80s/bbl as markets continue to price disruption risks in the Gulf region.

All price data is from 04.03.2026 as of 17:30