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DAILY BASE METALS REPORT

Aluminium Extends Conflict Rally

Summary

- Weak US payrolls (-92k) signalled cooling growth while oil above \$90/bbl is pushing inflation expectations higher, leaving markets caught between slowing activity and rising energy-driven price pressures.
- Aluminium outperformed, testing \$3,450/t as Middle East supply risks remain in focus, while copper stayed rangebound near \$12,850/t.
- Precious metals remained unusually stable, with gold around \$5,140/oz and silver near \$84/oz, while oil surged further as geopolitical risks around the Strait of Hormuz continue to drive energy markets.

Macro

US stocks opened lower as markets digested a surprisingly weak labour market report. Nonfarm payrolls showed a contraction of -92k jobs in February, sharply below expectations for +55k and a major reversal from January's +126k gain. The unemployment rate ticked up to 4.4%, reinforcing signs that the labour market may be cooling faster than anticipated.

The data briefly pushed real yields toward nominal yields, but the move quickly reversed as markets refocused on rising inflation expectations driven by higher energy prices. Oil continues to dominate the macro environment, and we see the inflation impulse from energy increasingly competing with the weakening growth signals emerging in the data.

In Europe, Eurozone Q4 GDP was revised down to 0.2% QoQ, reinforcing the region's fragile growth outlook. The euro weakened initially, though the dollar later softened back below 99.0, partly as sterling strengthened toward 1.34.

Overall, we see markets increasingly caught between two competing forces: weakening macro data and rising energy-driven inflation risks. This dynamic should keep volatility elevated across rates and FX in the near term.

Base Metals

Base metals traded mixed, with aluminium continuing to outperform as geopolitical supply risks remain in focus.

Aluminium rallied toward \$3,450/t, briefly testing resistance before giving back some gains. The move extends the rally seen since the escalation of tensions in the Middle East, with prices now roughly 9% higher since the conflict began. The region accounts for around 8.3% of global aluminium smelting capacity, meaning any additional disruption to energy supply or logistics could tighten the market quickly.

Elsewhere, copper remained subdued near \$12,850/t, continuing to trade in a relatively tight range. Nickel rebounded toward \$17,470/t, zinc also strengthened toward \$3,300/t, while lead stabilised around \$1,950/t after the steady drift lower seen earlier this week.

Tin remained broadly rangebound near \$50,000/t, reflecting the thinner liquidity typical of the market following the sharp correction earlier in the week.

For now, we see the complex stabilising after the recent macro-driven volatility. Aluminium's relative strength highlights the importance of geopolitical supply risks, while the broader metals complex continues to take direction primarily from the dollar dynamics.

Precious Metals

Precious metals traded unusually stable despite the macro volatility.

Gold recovered modestly to around \$5,140/oz, retracing part of yesterday's decline, while silver hovered near \$84/oz. Both metals continue to trade within well-defined ranges following this week's sharp geopolitical-driven moves.

For now, we see precious metals consolidating as markets reassess the balance between safe-haven demand and the pressure from higher yields.

Oil prices continued to surge, with WTI moving above \$90/bbl and Brent approaching \$93/bbl.

Oil has become the dominant macro variable. With crude now above \$90/bbl, further gains would likely push inflation expectations higher and delay rate-cut pricing, keeping volatility elevated across commodities and risk assets.

All price data is from 06.03.2026 as of 17:30

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