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DAILY BASE METALS REPORT

Energy Shock Reasserts Itself

Summary

- Energy-driven inflation fears are pushing rate-cut expectations further out, keeping the dollar and yields supported while leaving risk assets vulnerable to renewed volatility.
- Aluminium remains structurally tight while the rest of the complex consolidates around key levels.
- Oil remains the dominant cross-asset driver, and until energy volatility stabilises we expect precious metals and industrial metals alike to remain highly sensitive to macro flows and positioning shifts.

Macro

US equities opened lower as markets reassessed yesterday's optimism around a potential end of the Middle Eastern conflict. Attention has quickly shifted back to the longer-term economic consequences of the crisis, particularly for energy markets. The dollar strengthened again above 99.0, while US 10-year yields jumped back above 4.2% as inflation concerns linked to higher energy prices continued to build.

Markets are rapidly pushing back expectations for monetary easing, with futures now pricing only one 25bp Fed cut and not until late-2027, reflecting fears that sustained energy inflation could delay policy normalisation. Oil prices remain elevated despite efforts to calm markets, with WTI near \$87/bbl and Brent close to \$92/bbl. The IEA's coordinated decision to release 400mn barrels from emergency reserves helped cap the latest rally, though the move underscores the severity of the supply shock rather than eliminating it.

Looking ahead, we see energy markets remaining the key macro driver. Even if military tensions eventually ease, disrupted shipping routes, higher insurance costs and strained logistics around the Strait of Hormuz could keep energy prices structurally elevated, maintaining inflation risks and cross-asset volatility.

Base Metals

Base metals traded with mixed performance as macro forces continued to dominate price action. Aluminium remained the strongest performer, holding near \$3,450/t, with the nearby market still tight and the cash-to-three-month spread in backwardation of roughly \$30/t. Trading volumes have moderated compared with the previous sessions, suggesting that the earlier volatility is beginning to settle.

At the same time, the premium of Shanghai Futures Exchange aluminium over the LME has climbed to the highest level since April 2022, widening the arbitrage and potentially encouraging additional Chinese exports if the differential persists. We see this as an important balancing mechanism that could gradually ease some of the tightness in the LME market if flows begin to shift.

Elsewhere, the complex remained largely rangebound. Copper slipped back toward \$13,005/t, continuing to

oscillate around the \$13,000/t level as macro positioning dominates short-term price action. Nickel edged higher toward \$17,655/t, while zinc softened toward \$3,305/t, lead traded near \$1,935/t, and tin eased back to around \$49,550/t after the recent rebound. Overall, we see the complex consolidating, with metals continuing to trade as part of broader macro positioning linked to energy markets.

Precious Metals

Precious metals turned softer as the stronger dollar and higher yields weighed on sentiment. Gold eased back toward \$5,170/oz after failing to hold earlier gains above the \$5,200/oz area, while silver dropped sharply toward \$84.8/oz after briefly testing higher levels earlier in the week. The price action suggests the market remains highly sensitive to macro shifts, with rising yields limiting upside momentum despite ongoing geopolitical uncertainty.

For now, we see energy remaining the anchor for market sentiment. If oil volatility persists, metals and precious markets are likely to remain heavily influenced by macro positioning rather than purely fundamental drivers.

All price data is from 11.03.2026 as of 17:30

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