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DAILY BASE METALS REPORT

US Data Outshines Geopolitics

Summary

- US growth data disappointed as Q4 GDP was revised sharply lower.
- Base metals ended the week weaker.
- Precious metals retreated to early-week lows as stronger oil, a firmer dollar and higher yields weighed on sentiment.

Macro

US equities opened higher but quickly reversed after weaker economic data highlighted a loss of momentum in the US economy. Q4 GDP growth was revised down sharply to 0.7% from 1.4% YoY, reflecting weaker estimates for consumer spending and business investment. Government expenditure was also marked lower, particularly at the state and local level, while exports contributed less than previously estimated. The unusually long government shutdown last year also continued to weigh on overall economic activity.

Inflation data offered limited guidance for markets. January's PCE reading slowed slightly to 2.8% YoY, but the figure predates the escalation of the Middle East conflict and the recent surge in energy prices. The key question now is where inflation moves from here, particularly as the latest reading already remains above the Federal Reserve's target. With energy prices rising sharply in recent sessions, we see risks that inflation expectations could edge higher in the near term.

The US 10-year Treasury yield rose towards 4.3%, while the dollar strengthened above 100, reaching its strongest level since November. If yields remain elevated and the dollar continues to firm, we expect financial conditions to remain restrictive for risk assets in the near term.

Base Metals

Base metals finished the week broadly lower, with trading relatively subdued until US data triggered a pickup in volatility during the afternoon session. Copper slipped back towards \$12,800/t, while lead eased to around \$1,915/t. Nickel also weakened, falling below \$17,300/t, and zinc struggled to maintain levels above \$3,300/t. With the dollar strengthening, we see limited catalysts for a near-term rebound across the complex.

Aluminium appears to be losing momentum after its recent rally. The earlier move higher has already priced in the supply disruption linked to Middle East tensions. A theoretical ceiling for the geopolitical risk premium sits close to \$3,450/t, roughly consistent with the price impact implied by a full shutdown of exposed regional smelting capacity. Assuming tensions do not escalate further, we expect aluminium prices to gradually mean-revert lower as the geopolitical premium begins to fade.

Precious Metals

Precious metals once again traded in close negative correlation with oil, as energy markets continued to absorb the bulk of geopolitical risk. Gold and silver moved sideways for much of the session before weakening in the afternoon alongside higher US yields and a firmer dollar. Gold slipped below \$5,050/oz, while silver tested support near \$80/oz, returning towards the lower levels seen earlier in the week. With yields rising and the dollar strengthening, we expect precious metals to remain under pressure in the near term unless geopolitical risks escalate further.

Oil prices remained elevated as markets continued to price the risk of prolonged disruption to Middle Eastern supply flows. WTI traded around \$97/bbl, while Brent held near \$102/bbl. As long as the Strait of Hormuz situation remains unresolved, we see oil continuing to dominate cross-asset sentiment and influence trading across commodity markets.

All price data is from 13.03.2026 as of 17:30

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