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DAILY BASE METALS REPORT

Metals Trading Disruption Left Markets Guessing

Summary

- Central bank meetings set to take centre stage this week as markets assess the impact of oil prices on the inflationary narrative.
- Base metals initially showed signs of divergence on the open. Later in the afternoon, a trading disruption left markets awaiting further clarity on price discovery, with volatility spiking for lead and zinc upon reopening.
- Precious metals were rangebound, with technical support levels keeping intraday ranges confined. Oil futures, meanwhile, weakened.

Macro

US stocks opened higher on Monday, supported by dip buying after Friday's decline and a broad-based drop in oil prices. Against this backdrop, the US is seeking support from other nations to protect the Strait of Hormuz, but Germany and the UK remain hesitant, increasing pressure on the US to shape the narrative, making price discovery even more unpredictable. We remain particularly mindful of American trading hours during market open and close, when most of the spec-driven momentum and flow occurs, injecting volatility into intraday flows.

Central bank meetings also dominate the week. While no rate changes are expected, the minutes and post-meeting commentary will be closely watched. We believe policymakers are likely to take a more cautious approach to oil and inflation narratives, as little time has passed to indicate any conclusive decisions. Still, any divergence in language between central banks may add volatility across US, EU, UK, and Japanese assets, particularly in FX and yield curves.

In the meantime, the dollar dropped back below the 100 level to 99.88, and the 10-year US Treasury yield dropped to 4.24%.

Base Metals

The LME trading disruption in the afternoon left markets searching for answers. When the market reopened, we saw an initial bout of volatility as investors responded to the disruption. In particular, lead and zinc saw large price swings on the reopen, prompting the metals to finish the day near \$1,920/t and \$3,275/t, respectively.

Earlier in the day, base metals began to show signs of divergence as technical and macroeconomic drivers diverged. Aluminium, the metal most exposed to Middle Eastern production, surged to \$3,500/t last week. However, this sentiment appears to be fading, with incremental buying slowing and the market's focus shifting from supply disruptions to actual demand, putting pressure on aluminium's fundamental value to \$3,400/t. From the COT perspective, investment funds remain extremely long relative to historical positioning. However, recent

weeks' flow signals indicate the early stages of distribution, suggesting that the positioning cycle may be transitioning out of late-stage momentum. While this does not necessarily imply an immediate reversal, it increases the likelihood of consolidation or downside volatility as high-leveraged positioning begins to unwind.

Copper remains a macro-dependent metal, trading in inverse correlation with oil prices, with funds strongly influencing the timing and direction of price movements. Notably, most of the volume occurred during the Asian open, as markets responded to the COMEX copper weakness on Friday afternoon, with heightened volatility but little directional momentum, keeping the metal under the \$12,900/t threshold on the close.

Precious Metals

Similarly to base metals, precious metals acted as effective inverse proxies to oil futures, showing a strong negative correlation. At the same time, the ranges are becoming more confined, especially as gold and silver approach key technical support levels of \$5,000/oz and \$80/oz, respectively.

Oil futures weakened sharply for the first time in three days, as signs of emergency supply will be available in the US crude market, boosting supply availability. As a result, WTI and Brent fell to \$95/bbl and \$102/bbl, respectively.

All price data is from 16.03.2026 as of 17:30

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