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DAILY BASE METALS REPORT

Oil Holds the Risk Premium as Metals Unwind

Summary

- US equities opened firmer as markets looked through Middle East headlines, while the dollar and Treasury yields eased back.
- Base metals closed lower, with aluminium stabilising below \$3,400/t as fund positioning showed signs of long liquidation.
- Precious metals remained soft and oil stayed elevated as fresh attacks on UAE energy infrastructure kept supply risks in focus.

Macro

US equities opened higher, extending the steadier tone seen at the start of the week, as markets took some comfort from oil prices holding below their recent peaks. At the same time, cross-asset sentiment remained fragile as the Middle East conflict continued to dominate the macro environment.

In US politics, Joe Kent's resignation added to the sense of policy tension in Washington. Kent, the director of the National Counterterrorism Center, stepped down in protest over the administration's war with Iran, becoming the first senior official to resign over the conflict.

The dollar briefly pushed above 100 before fading back towards 99.6, while the US 10-year Treasury yield slipped back below 4.2%. We see that as a modest easing in macro pressure compared with the sharper dollar-and-yield strength seen late last week, although the broader environment remains one of elevated uncertainty. With the Fed widely expected to hold rates steady while oil-driven inflation risks remain in focus, we expect markets to stay sensitive to any shift in policy language over the coming days.

Base Metals

Base metals closed lower across the board. Aluminium stabilised just below \$3,400/t, copper dropped below \$12,800/t, zinc fell under \$3,250/t, and nickel closed around \$17,240/t. Lead outperformed on a relative basis, although gains were still muted, with prices testing \$1,930/t.

In aluminium, the more important development remains the shift in positioning. COT data indicate that funds are again reducing exposure from an already crowded long base. We see that as an important signal for price direction: crowded longs combined with weakening flows are often associated with the early stages of position unwinding rather than the start of a fresh leg higher. With prices now holding below the recent highs, we expect aluminium to remain vulnerable to a gradual mean-reversion move if geopolitical tensions do not escalate further.

Elsewhere, the softer tone across copper, zinc and nickel suggests the complex is struggling to sustain

momentum even with energy markets still under stress. We see little sign of strong follow-through buying at present and expect macro sentiment and positioning to remain the key short-term drivers.

Precious Metals

Precious metals were again uneven and continued to trade in negative correlation with oil. Gold fluctuated just above \$5,000/oz, while silver slipped back below \$80/oz. Both metals remained soft as investors continued to favour energy as the main geopolitical hedge, although the pullback in the dollar and yields helped limit a deeper sell-off.

Oil prices were rangebound and lower than Monday's peaks, but still elevated, with WTI above \$95/bbl and Brent around \$102/bbl. The underlying energy backdrop remained supportive after fresh attacks on UAE infrastructure. Operations at the UAE's Shah gas field were suspended following a drone strike, while loading at Fujairah, one of the country's key export terminals outside the Strait of Hormuz, was also disrupted again.

That matters because it reinforces the idea that supply risks are no longer limited to the Strait itself. We see continued support for oil so long as attacks on Gulf energy infrastructure persist, even if prices pause after their recent surge. For precious metals, we expect trading to remain choppy: bullion may find some support from geopolitical uncertainty, but as long as oil absorbs the main safe-haven bid, upside will likely remain constrained.

All price data is from 17.03.2026 as of 17:30

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