Sucden Financial

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DAILY BASE METALS REPORT

Sharp Metal Unwinding

Summary

- Middle East escalation intensified, with strikes on Qatar's Ras Laffan LNG hub, reinforcing the energy shock narrative and keeping oil elevated.
- Base metals saw aggressive liquidation, with aluminium giving back its war premium and copper briefly breaking below $12,000/t.
- Precious metals plunged.

Macro

US equities opened lower, extending the sell-off and leaving major indices around their weakest levels since November 2025, as markets continued to reprice the Middle East conflict as a prolonged energy shock rather than a contained geopolitical event.

The escalation intensified after Iran retaliated for strikes on its South Pars gas field with coordinated attacks on Gulf energy infrastructure. The most consequential development was damage to Qatar's Ras Laffan industrial city, one of the world's largest LNG export hubs, disrupting processing and loading operations at a facility that accounts for around 20% of global liquefied natural gas supply. Brent briefly surged above $119/bbl before pulling back.

In Japan, Prime Minister Sanae Takaichi met President Trump in Washington, with discussions centred on securing energy flows and reopening the Strait of Hormuz. The talks highlight growing urgency on the US side to mobilise allied support to restore shipping through the strait.

In FX, after breaking above 100.2 late on Wednesday, the dollar index slipped back below 99.7 as the euro and yen found support following central bank decisions. The US 10-year yield nevertheless remained elevated near 4.3%, reflecting continued concern that a sustained oil shock could keep inflation sticky even as growth deteriorates.

Base Metals

Base metals saw heavy unwinding as the broader commodity complex came under pressure from rising oil prices, tighter financial conditions and a sharp deterioration in risk appetite.
Aluminium gave back essentially all of its war premium, plunging below $3,150/t before encountering strong volumes that helped lift it back towards $3,250/t. The scale of the reversal suggests that the earlier geopolitical premium had become overstretched and that, once flows turned, the liquidation phase accelerated quickly. We continue to see aluminium as vulnerable to further volatility, although today's rebound from the lows suggests some bargain-buying is starting to emerge on sharp dips.

Copper traded at its lowest levels of the year, briefly falling below $12,000/t before recovering towards $12,200/t into the close. Lead tested the $1,870/t area before stabilising around $1,890/t, while zinc fell below $3,050/t and ended near $3,070/t. The broader tone across the complex remained one of macro-driven liquidation rather than metal-specific fundamental weakness.

Precious Metals

Precious metals moved sharply lower, breaking the earlier inverse correlation with oil. Gold touched $4,500/oz before stabilising around $4,600/oz, while silver fall close to $65/oz before recovering to hold above $70/oz.

The fact that gold found support but failed to rebound more convincingly suggests that, for now, buyers are reluctant to step in while oil remains the market's preferred crisis trade and rate expectations stay under pressure.

Oil, by contrast, remained firmly bid. At the time of writing, Brent was above $110.5/bbl and WTI was around $98/bbl, after Iranian attacks caused major damage at Qatar's Ras Laffan LNG complex and other Gulf energy sites.

All price data is from 19.03.2026 as of 17:30