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DAILY BASE METALS REPORT

Diplomacy Hopes Cool Energy, Volatility Takes Hold Across Metals

Summary

- Easing energy prices are relieving pressure on rates and FX, but confirmation on Iran remains crucial for follow through.
- Base metals were driven by speculative flows today, leaving prices vulnerable to sharp reversals.
- Softer yields are supporting precious metals, though sustained upside still hinges on continued dollar weakness.

Macro

US equities opened higher as markets continued to lean into the possibility of progress on a US–Iran deal, reinforced by a sharp pullback in energy prices and a drop in Treasury yields. The ADP employment report showed solid private sector job gains, and the broader message remained one of a labour market that is stable. Alongside renewed diplomatic expectations, this helped ease pressure on rates and FX.

The dollar slipped below 98.0 on DXY, while the US 10 year yield fell back to around 4.35%, reflecting reduced inflation anxiety as oil extended its decline. Brent moved below \$102/bbl and WTI below \$95/bbl, a meaningful retracement that, if sustained, would further relieve macro constraints. We expect markets to remain highly sensitive to headlines around Iran and the Strait of Hormuz, with any confirmation of easing physical disruption likely to reinforce the current risk tone.

Base metals

Base metals were mixed, with heavy speculative activity dominating price action and creating wide intraday swings. LME volumes remain low, leaving prices looking overstretched in both directions and increasing vulnerability to sharp reversals. There was little sense of a cohesive move across the complex, with each metal trading largely on its own drivers.

Aluminium failed to test \$3,600/t and instead slipped back toward \$3,520/t. The cash to three month spread continues to hold around \$50 backwardation, signalling that nearby tightness remains intact even as price momentum fades. Copper pushed toward \$13,500/t but struggled to sustain levels above \$13,400/t, closing closer to \$13,380/t.

Nickel saw the sharpest reversal. After briefly touching \$20,000/t, the market fell rapidly to around \$19,200/t, with selling pressure clearly concentrated around the \$19,600/t area. The move suggests heavy selling interest at higher levels, with hedging and profit taking capping rallies and leaving downside risks intact unless prices can

base above recent highs.

Overall, we expect choppy, position driven trading to persist until volumes return and macro signals become clearer.

Precious metals and oil

Precious metals strengthened as the dollar softened and yields moved lower. Gold climbed toward \$4,700/oz and is fighting to hold that level. We see \$4,650/oz as an important support zone if the dollar remains contained. Silver advanced toward \$78/oz but again failed to break above the \$77.8/oz area, highlighting ongoing resistance.

Going forward, we expect precious metals to remain tightly linked to moves in FX and rates. Sustained upside will likely require further confirmation of easing energy risk and a continued moderation in yields; without that, gains may remain only incremental.

All price data is from 06.05.2026 as of 17:30

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