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DAILY BASE METALS REPORT

AI Rally Holds, but Macro Pressure Builds

Summary

- AI strength keeps equities bid, but the dollar and oil still leave conditions tight.
- Aluminium remains supported by structure, while copper now needs to reclaim \$14,000/t.
- Gold is rangebound as India curbs imports, while silver's pullback looks corrective for now.

Macro

US equities opened higher, with the S&P 500 and Nasdaq breaking fresh record highs again as AI momentum continued to offset macro pressure. Nvidia led the move after reports that the US had cleared around 10 Chinese firms to buy its H200 AI chip, while broader tech sentiment was also supported by stronger AI related demand from names such as Cisco. Retail sales rose 0.5% in April, slightly above expectations, suggesting consumers are still holding up despite higher energy prices.

The dollar strengthened sharply later in the day, with DXY approaching 98.8. We see the move as a combination of stronger US data, still elevated inflation pressure after this week's CPI and PPI prints, and markets pricing the Fed firmly on hold. The 10-year yield was slightly lower on the day but remained around 4.5%, keeping financial conditions tight. Oil stayed elevated, with Brent around \$105/bbl and WTI near \$100/bbl, as the Strait of Hormuz remains heavily disrupted and the Trump Xi talks delivered little concrete progress on Iran. We expect risk appetite to remain supported by AI momentum, but vulnerable to any renewed move higher in oil or yields.

Base metals

Base metals held at elevated levels despite the stronger dollar, suggesting underlying support remains firm across parts of the complex. Aluminium stayed above \$3,600/t, but struggled to hold above \$3,660/t. The spot-to-three month spread widened above \$85 backwardation, pointing to stronger nearby tightness and keeping the market structurally supported. We expect dips to remain well bought while the spread stays this tight, although a clean hold above \$3,660/t is unlikely.

Copper slipped back below \$14,000/t after several strong sessions. This is the first meaningful pause in the rally and makes \$14,000/t the key pivot from here. If copper quickly regains this level, we see the broader upward momentum remaining. If it fails to do so, the move risks shifting into profit taking, with attention moving back toward the previous breakout area around \$13,760/t.

Zinc extended gains again, briefly touching \$3,630/t before closing just below \$3,600/t. The move remains constructive, but the late fade suggests some resistance is emerging at higher levels. We expect zinc to stay supported while it holds above \$3,500/t, but confirmation now requires a sustained break above \$3,600/t.

Precious metals and oil

Gold remained rangebound, hovering around \$4,690/oz as higher yields and a firmer dollar capped upside, while geopolitical risk continued to support dips. India announced further measures to curb gold imports. After raising the effective import duty on gold and silver from 6% to 15%, the government tightened import rules further, with bullion imports above 100kg requiring advance authorisation and additional imports linked to export performance. The measures are aimed at reducing dollar outflows and supporting the rupee as higher energy costs pressure India's external balance.

Silver eased closer to \$85/oz after its recent sharp rally. The pullback looks like consolidation rather than a full reversal for now, especially after the strong outperformance earlier this week. We expect silver to remain volatile, with buyers likely to defend dips while broader metals sentiment stays constructive.

All price data is from 14.05.2026 as of 17:30

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