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DAILY BASE METALS REPORT

Dollar and oil drive the tone

Summary

- Oil rebound keeps inflation pressure alive, pushing yields back above 4.6% and tightening financial conditions
- Dollar strength reasserts itself, weighing on risk and reinforcing cross-asset macro correlations
- Strong micro meets tight macro as Nvidia's beat fades against higher yields and elevated expectations

Macro

Risk appetite wobbled early on Thursday as the market went back to pricing sticky inflation risk through energy and rates. Oil pushed higher again, with Brent back above the mid \$100s and WTI near \$100/bbl, as markets responded to uncertainty around US Iran diplomacy alongside ongoing supply tightness and inventory draws. The move fed into rates, with the US 10 year climbing back above 4.6%, keeping financial conditions tight into the US open and capping equity enthusiasm after Wednesday's relief rally.

The dollar firmed alongside yields, and the usual pattern re-emerged with a stronger USD and higher real rates leaning against cyclical risk and macro-linked commodities.

In equities, Nvidia's early jump followed a strong beat and raised guidance, but the move faded as positioning and elevated expectations came back into focus. The numbers were solid, but the bar remains very high, and higher oil and yields are limiting appetite for long duration growth at the margin.

Base metals

Base metals were mixed but still firmly macro led. Copper eased during Asian hours and held a softer tone through the session, tracking the rebound in the dollar and energy and continuing to behave like a macro asset.

Aluminium outperformed, pushing higher into the mid \$3,600s/t with tightness remaining the dominant theme. This is not just flat price strength, the structure is doing the work, with a wider cash to 3 month spread and strong nearby interest indicating clear demand for prompt units. The surge in London volumes reinforces that move.

Lead firmed into the close, with the nearby shifting into backwardation, again pointing to a growing premium on immediate availability. Nickel remained contained within \$18,600–19,000/t, closing near \$18,700/t and reflecting a more balanced micro picture.

We see the complex staying anchored to dollar strength, yields and oil, with copper in particular likely to struggle to generate sustained upside while those drivers remain aligned.

Precious metals and oil

Precious metals stayed muted and the session reflected the macro impulse. Gold failed to hold above \$4550/oz and drifted lower as yields moved back up and the dollar stabilised, keeping real rate pressure front and centre. The move reinforces the view that the earlier rebound was corrective, with higher yields continuing to limit upside follow through.

At the same time, price action does not point to a full unwind of the geopolitical bid. Iran headlines continue to provide an underlying floor, while stronger yields cap rallies. The result is a contained, rangebound session where dips attract interest but rallies struggle to extend as the dollar firms.

Silver tracked gold closely, trading in a narrow range with little independent direction. With macro drivers dominating and no clear catalyst from the industrial side, the metal lacked conviction.

We see precious metals remaining subdued near term, with direction still anchored to yields and the dollar.

All price data is from 21.05.2026 as of 17:30

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