

Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Senior Research Analyst

THU 04 JUNE 2026 07:30

DAILY BASE METALS REPORT

Dollar Sets the Tone for Metals

Summary

- Fragile ceasefire and renewed US tariff threats boosted the US dollar
- Base metals declined, led by COMEX copper, as a stronger dollar weighed on prices.
- Precious metals also fell, mirroring the decline in base metals.

Macro

US equities opened mixed, with the broader market easing slightly from record highs as firmer oil and yields capped risk appetite, while AI-linked names continued to support tech. US-Iran tensions are still weighing on sentiment. Fresh strikes overnight were a reminder that the ceasefire is fragile and that the Strait of Hormuz remains a key geopolitical lever, leaving energy risk embedded even as talks continue. Oil strengthened again in response, with Brent near \$98/bbl and WTI around \$96/bbl. We expect energy to remain a key macro risk until the market gets something firmer than negotiation headlines.

At the same time, the tariff threat is reemerging, with the US proposing new 10% tariffs on 60 trading partners, including China, Mexico, and the European Union. As a result, the dollar index increased towards 99.5, and the US 10-year yield moved back towards 4.5%, supported by firmer oil and another solid labour signal after ADP showed private payrolls rising by 122,000 in May, above expectations. Markets still have little reason to price a meaningful fall in rates ahead of Friday's payrolls report.

Base Metals

Base metals weakened today, primarily as markets unwound a portion of the recent technically driven gains.

Copper led the decline, with a firmer dollar prompting profit-taking across COMEX and dragging LME copper back below the \$14,000/t mark to \$13,860/t. Since the start of April, the market has increasingly priced in copper tariff risk, pushing the COMEX-LME arbitrage above \$800/t, the widest level since July 2025, as participants position ahead of the upcoming Section 232 deadline at month-end. COMEX inventories continued to build, reinforcing the view that a significant portion of recent copper demand — and the corresponding strength in both COMEX and LME prices — has been driven by incentives to ship material into the US ahead of potential policy changes.

For us, this suggests copper price discovery is likely to remain heavily COMEX-led over the coming weeks, with positioning, inventory flows and tariff expectations exerting a greater influence than underlying physical demand trends. As a result, we view today's weakness as a healthy long liquidation phase rather than a broader change in trend. In fact, unless the arbitrage begins to narrow materially or inventory accumulation slows, pullbacks are likely to attract renewed buying interest from participants seeking to capture the remaining incentive to move metal into the US.

The rest of the base metals complex followed copper lower, with aluminium surrendering part of its recent gains to trade back toward \$3,700/t, while zinc and lead eased from recent highs to \$3,615/t and \$2,030/t, respectively.

Precious Metals

As oil strengthened back to \$98/bbl, precious metals followed base metals lower, with gold and silver falling to \$4,450/oz and \$73.50/oz, respectively, keeping the negative correlation attribute intact.

All price data is from 03.06.2026 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).