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TUE 16 JUNE 2026 07:30

DAILY BASE METALS REPORT

Conflict Premium Unwinds

Summary

- The preliminary US-Iran peace deal improved risk sentiment, with hopes of a Strait of Hormuz reopening pulling oil futures to a 3-month low.
- Aluminium priced out most of the conflict premium, suggesting conviction about the peace deal.
- Precious metals rebounded with gold above \$4,350/oz and silver near \$71/oz, but both still need to hold those gains to confirm a more durable recovery.

Macro

US stocks opened higher after the weekend's preliminary US-Iran agreement improved hopes that the Strait of Hormuz can reopen and that the war-driven oil shock may ease further. That mattered more than anything else because it immediately pulled energy prices lower and gave markets room to price a softer inflation path into this week's first Fed meeting under Kevin Warsh.

Brent fell below \$83/bbl and WTI traded around \$80/bbl, while the dollar index moved below 99.6 and the US 10-year yield eased to around 4.45%, helping risk assets recover.

Our base case is that lower oil will hold near term, which should leave Warsh's first Fed meeting facing a less acute energy-driven inflation problem and give markets more confidence in a steadier macro tone this week.

Base Metals

Aluminium took centre stage in today's session, falling more than 4.5% as markets aggressively priced out a portion of the geopolitical risk premium. Among the base metals complex, aluminium was the most exposed to the conflict narrative given the concentration of smelting capacity and key seaborne trade routes linked to the region. As a result, easing supply concerns triggered a broad liquidation of long positions, with volumes rising sharply throughout the session.

The accompanying decline in oil prices to a three-month low reinforced the move, suggesting that market participants are increasingly positioning for a de-escalation scenario, even in the absence of a definitive resolution. Should this sentiment persist, we would expect the market to continue unwinding the substantial risk premium embedded in aluminium prices, potentially allowing the metal to retrace toward pre-conflict trading levels near \$3,300/t over time and close much of the technical gap created following the announcement of smelter disruptions.

From a technical perspective, aluminium also broke below the key \$3,400/t level, while the cash-to-3-month spread moved back into contango at -\$19/t. The combination of weaker outright prices, rising volumes and a

decisive easing in spreads suggests that the move is being driven by more than just intraday profit-taking, pointing instead to a broader reassessment of supply risks and positioning.

Meanwhile, copper remains caught between aluminium's geopolitical repricing and the today's resilience of precious metals, resulting in choppy and indecisive price action around \$13,800/t. The CME-LME arbitrage continues to drive intraday flows, although relatively shallow LME volumes compared with COMEX has kept price moves constrained. For now, copper appears to be consolidating rather than establishing a clear directional trend.

Elsewhere, lead and nickel edged higher as both metals continued to recover from last week's precious-metals-led weakness. Nickel remains capped below \$18,000/t, however, with little fundamental support emerging to justify a sustained break higher. Zinc, meanwhile, continues to look stretched at current levels, with the \$3,600/t resistance area remaining firmly intact.

Precious Metals

Precious metals rebounded as oil fell, continuing the broadly negative correlation that has shaped much of the price action through the war. Gold moved back above \$4,350/oz and silver rose towards \$71/oz, helped by the softer dollar and lower Treasury yields as the market unwound part of the recent inflation premium. The rebound looks stronger than last week's price action, but it still needs to hold these levels to suggest the recovery is becoming more durable.

All price data is from 15.06.2026 as of 17:30

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