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DAILY BASE METALS REPORT

Hawkish Fed, Softer Oil, Metals Still Uneven

Summary

- The signed US-Iran accord eased the energy shock through oil, but Warsh's inflation message kept the dollar firmly in control.
- Base metals stayed mixed, with copper losing traction below \$13,700/t while zinc broke above \$3,640/t.
- Precious metals remained under pressure, with gold near \$4,230/oz and silver testing support around \$66.0/oz.

Macro

US equities rebounded at the open after Wednesday's post-FOMC sell-off, with the move helped by the formal signing of the US-Iran agreement, lower oil and renewed strength in parts of tech, which together gave the market room to recover even after Kevin Warsh made clear that restoring price stability remains the priority. The key shift from Wednesday is that the market is now pricing the Fed's hawkish hold more seriously. Rates were left unchanged at 3.50%–3.75%, but nine officials now see at least one hike by year-end and the statement dropped any easing bias, which has kept the dollar on the front foot and pushed DXY as high as 100.8.

The more interesting move was in rates. The US 10-year gave back Wednesday's gains and traded back in the lower 4.4% area even as the dollar strengthened. Our read is that the market is separating front-end Fed repricing from the longer end. The dollar is taking its lead from a more hawkish Fed and wider policy divergence, while the 10-year is taking some comfort from lower oil and from the fact that the signed US-Iran accord should ease the energy shock over time, even if shipping through the Strait of Hormuz is only restarting gradually and the backlog may take weeks to clear. Brent fell towards \$77.5/bbl and WTI towards \$74.5/bbl, but the physical relief story still looks slower than the financial-market reaction.

Base Metals

Base metals were very mixed and the tone stayed uneasy.

Aluminium was mostly flat around \$3,400/t, still looking uncertain around that level. The cash-to-three-month spread narrowed again and moved back towards flat, which is less negative than earlier in the week, but it still does not point to any meaningful prompt tightness. Stocks continued to fall, which helps explain why aluminium has not broken lower more cleanly, but the price action still looks hesitant.

Copper was the more difficult market. It opened sharply lower, traded with high intraday volatility and ended the day back below \$13,700/t. Copper seems to be losing some of the cleaner leadership it had earlier this month. A stronger dollar, renewed concern about tighter US policy and fading confidence after repeated failures to hold above \$13,800/t are all making the market look heavier. At the same time, the underlying structural support from

tariff distortion and low visible inventories has not disappeared, which is why the move is still choppy. The fact that copper can no longer hold the top of the range even when the 10-year yield eases is not a great sign for the near-term tone.

Zinc was the standout. It broke above \$3,640/t for the first time since the start of the month and, more importantly, held the move, closing only slightly below \$3,640. The move through \$3,620/t was backed by stronger volume, which gives the breakout greater credibility and suggests zinc may be in the process of establishing a higher short-term range.

Precious Metals

Precious metals remained under pressure after Wednesday's Fed shock. They recovered some of the losses early today, but the rebound faded and both metals came back under pressure, with gold near \$4,230/oz and silver testing support around \$66.0/oz. A stronger DXY, firmer front-end hike expectations and the removal of any near-term easing signal from Warsh kept real-rate pressure alive even as the long end eased.

The market is more convinced that the Fed could still hike this year, which is supportive for the dollar and negative for non-yielding metals, while the 10-year is moving lower because lower oil and a softer medium-term inflation impulse are helping the back end recover. That combination is tough for gold and silver. Gold can hold up better because it still carries some reserve and safe-haven demand, but silver remains the weaker leg and the test of \$66/oz suggests the market is still vulnerable if the dollar keeps pushing higher.

All price data is from 18.06.2026 as of 17:30

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