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DAILY BASE METALS REPORT

ADP Miss Weighs on Dollar, Metals Rally

Summary

- ADP employment misses expectations, sending DXY back towards 101.2
- Copper leads base metals higher as macro flows remain the dominant driver
- Gold reclaims \$4,080/oz and silver pushes back above \$60/oz

Macro

US stocks opened higher as investors extended the AI-led rally, while attention remained firmly on Thursday's payrolls report and ongoing central bank commentary from the ECB Forum in Sintra. The broader tone remained constructive, supported by easing energy prices and expectations that inflation pressures continue to moderate.

The dollar initially strengthened to around 101.6 as markets continued to price a higher-for-longer Fed stance following this week's strong JOLTS data. However, a weaker-than-expected ADP employment report, showing private sector job growth of 98k versus expectations of 118k, prompted a sharp reversal in the dollar towards 101.2 as investors reassessed labour market momentum ahead of payrolls.

US Treasury yields were broadly steady, with the 10-year remaining below 4.5% as softer labour data offset the impact of still-resilient activity indicators. Brent continued to hold near pre-war levels as tanker flows through the Strait of Hormuz recovered and concerns over energy supply disruption faded. We see markets increasingly focused on whether Thursday's payrolls report confirms a gradual cooling in hiring or reinforces the Fed's higher-for-longer narrative.

Base Metals

Base metals strengthened today, led by copper, as softer inflation rhetoric following Warsh's comments boosted precious metals and reinforced the prevailing macro narrative across the complex.

Copper rallied alongside gold and silver, underscoring that intraday price discovery remains largely driven by broader macro positioning rather than metal-specific fundamentals. Gains elsewhere in the complex were comparatively muted, suggesting that the move was less a broad-based improvement in industrial sentiment and more a continuation of macro flows favouring copper. The market continues to defend support around \$13,000/t, reinforcing our view that copper remains resilient at current levels and is likely to continue trading in a broad mean-reverting range toward \$13,500/t in the near term.

Aluminium stabilised around \$3,090/t after finding support near recent lows, while nickel recovered towards \$16,400/t after yesterday's weakness. Lead also bounced from the \$1,860/t area before fading modestly into the close. We see growing signs that downside momentum is becoming exhausted across aluminium, nickel and lead,

increasing the likelihood that these markets begin to establish support around current levels rather than extending the recent sell-off.

While the tariff narrative remains an important medium-term driver, we expect its effects to be felt more acutely on COMEX than on LME. As a result, our constructive view on LME copper remains largely unchanged. In the absence of a decisive shift in macro sentiment, we expect broader risk appetite and precious metals performance to continue guiding intraday price action, while physical and tariff-related factors provide an underlying floor to prices.

Precious Metals

Precious metals surged as a weaker dollar and softer-than-expected ADP employment data reinforced expectations that US labour market momentum may be cooling. Gold climbed above \$4,080/oz, extending the recovery from this week's lows below \$4,000/oz and briefly approaching the \$4,100/oz area before consolidating into the close. The move suggests the sharp liquidation seen last week has run its course, with buyers returning as the dollar retreated.

Silver outperformed once again, rising above \$60/oz and reaching its highest level since the sell-off began last week. The metal has now recovered most of the losses sustained during the washout towards \$56/oz, highlighting improving risk appetite within the precious metals complex. While both metals remain below their June highs, today's price action points to renewed upside momentum, with direction likely to remain closely tied to the dollar and tomorrow's payrolls report.

All price data is from 02.07.2026 as of 17:30

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