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DAILY BASE METALS REPORT

Soft Payrolls Boost Precious Metals

Summary

- Dollar and yields fall after a weak payrolls report
- Copper leads base metals, though broader participation remains limited
- Gold and silver extend gains to the highest levels since last week's sell-off

Macro

US stocks opened higher after a weaker-than-expected payrolls report raised fresh concerns that the US labour market may be losing momentum. Nonfarm payrolls rose by just 57k in June, well below expectations, while the previous month's reading was revised lower. Although the unemployment rate edged down to 4.2%, the decline was largely driven by a fall in labour force participation, leaving the report consistent with slower hiring conditions beneath the surface.

The dollar was already softer ahead of the release but accelerated lower afterwards as investors pared back expectations for further Fed tightening. At the same time, forward markets reduced pricing for a second rate hike this year, with swaps now implying only a 38.8% probability of rates reaching 3.93% by year-end. US Treasury yields also edged lower on the data, although the 10-year remained close to 4.5%, still well above the levels near 4.0% seen before the US-Iran conflict.

With Brent continuing to trade near pre-war levels as supply concerns ease, attention is increasingly shifting from energy-driven inflation risks towards the pace of labour market cooling and its implications for Fed policy. We see today's move as a step towards a less hawkish rate outlook, although yields remain elevated enough to show that markets are not yet ready to fully abandon the higher-for-longer narrative.

Base Metals

Base metals were mixed, with copper again standing out from the rest of the complex. The metal rallied alongside gold and silver immediately after the data release, reinforcing the view that macro positioning remains the dominant driver of intraday price action. However, repeated failures ahead of \$13,400/t suggest conviction remains limited, with buyers preferring to wait for further macro confirmation before pushing the market higher.

Elsewhere, the response was far more subdued. Aluminium remained under pressure around \$3,070/t and failed to participate meaningfully in the post-payrolls rally, suggesting the move was driven more by macro flows into copper than by a broader improvement in industrial sentiment. Zinc also softened back towards \$3,475/t, while tin reversed from intraday highs above \$52,000/t to close closer to \$51,100/t, indicating profit-taking rather than fresh momentum buying.

Nickel and lead were relatively steady. Nickel briefly moved higher following the payrolls release before fading back towards \$16,270/t, while lead recovered towards \$1,875/t from recent lows. Although the price action remains subdued, both metals continue to show signs that downside momentum is becoming exhausted after last week's liquidation. We therefore see increasing scope for support to develop around current levels rather than a continuation of the recent decline.

Overall, today's reaction reinforces our existing view. Copper remains the strongest market in the complex, supported by macro flows, tariff expectations and a well-defended floor around \$13,000/t. However, with rallies consistently capped below \$13,400/t and participation elsewhere remaining limited, the broader complex still appears to be consolidating rather than beginning a new leg higher. We continue to expect copper to trade in a broad mean-reverting range towards \$13,500/t, while aluminium, nickel and lead focus on establishing support around current levels.

Precious Metals

Precious metals accelerated higher after the weaker-than-expected payrolls report triggered a sharp repricing of Fed expectations and pushed the dollar lower. Gold rallied from around \$4,080/oz before the release to above \$4,125/oz, briefly approaching the \$4,150/oz area. Importantly, the move extended yesterday's recovery, indicating sustained buying interest. Gold has now decisively recovered from last week's break below \$4,000/oz and is trading at its highest level since the liquidation phase began.

Silver outperformed once again, surging above \$61/oz and briefly testing \$62/oz before consolidating. The metal has now recovered almost the entirety of last week's decline from the \$56/oz lows, with momentum clearly exceeding that of gold. The increasingly aggressive recovery in silver points to improving risk appetite and renewed investor confidence in the precious metals complex. While both metals remain below their June peaks, today's price action reinforces the shift in near-term momentum, supported by a weaker dollar and softer rate expectations.

All price data is from 02.07.2026 as of 17:30

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