Sucden Financial

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DAILY BASE METALS REPORT

Oil Keeps Markets on Edge

Summary

- Higher oil keeps yields and the dollar supported despite last week's softer inflation data.
- Copper holds firm but the wider complex remains choppy in thin summer liquidity.
- Gold defends $4,000/oz while silver needs $58/oz to confirm a stronger rebound.

Macro

US stocks opened mixed, with the S&P 500 and Nasdaq supported by a rebound in chipmakers, while the Dow Jones lagged. The move followed last week's pressure in semiconductors, with investors attempting to rebuild exposure after the sell-off, although the broader tone remains cautious ahead of major tech earnings and ongoing US-Iran headlines.

The dollar jumped back above 101, while the US 10-year yield rose towards 4.6%, suggesting that markets are still not prepared to fully price out a restrictive Fed path. This is despite last week's softer inflation data, as higher oil prices and resilient US data continue to limit the scope for a cleaner dovish repricing.

Oil remains the key macro anchor. Crude wobbled after reports that Iran may still be open to diplomacy, but prices remain elevated, with WTI above $80/bbl and Brent close to the high-$80s/bbl area. We expect markets to remain headline-driven in the near term: any further de-escalation could ease the pressure on yields and the dollar, but as long as oil stays elevated, the market is likely to keep a higher inflation premium embedded in rates.

Base Metals

Base metals were mixed and still lacked clear direction, with thin summer liquidity keeping price action uneven. Copper was the main exception, rising to around $13,620/t and holding above $13,600/t.This keeps the medium-term constructive view intact, although broader interest remains limited and the market still needs a stronger catalyst to extend meaningfully higher.

Elsewhere, the complex looked weaker. Aluminium slipped back towards $3,130/t and continues to struggle to rebuild momentum, while nickel eased to around $16,880/t after failing to sustain last week's breakout attempt. Lead was broadly flat near $1,880/t, and tin held around $53,150/t, with both markets lacking a fresh directional signal.

Zinc remained the weakest part of the complex, falling back towards $3,515/t and extending the pullback from the recent $3,600/t area. This fits with our view that zinc still looks rich relative to fundamentals and remains exposed to further downside if positioning starts to unwind.

Overall, we expect conditions to remain choppy while volumes stay subdued. Copper may take longer to weaken and still has medium-term upside potential, but the broader complex remains vulnerable to profit-taking, especially where prices look stretched. With geopolitical risk still unresolved and liquidity thin, unexpected headlines could still trigger sharper moves than the underlying fundamentals alone would suggest.

Precious Metals and oil

Precious metals were mixed, with gold broadly flat around $4,012/oz while silver outperformed, rising to around $57/oz. Gold continued to trade around the key $4,000/oz area, with repeated dips below that level bought back, but the metal still struggled to build momentum above $4,020/oz. This suggests buyers are defending support, although conviction remains limited while the dollar and yields stay firm.

Silver showed a cleaner recovery, rising almost 2% and moving back towards the $57/oz area after last week's weakness. The bounce is constructive, but the metal remains well below the $58–60/oz zone that previously acted as support, so the broader structure is not yet repaired. We see gold as rangebound around $4,000/oz, while silver needs to reclaim $58/oz to confirm that today's rebound is more than short-covering.

All price data is from 20.07.2026 as of 17:30