Sucden Financial

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DAILY BASE METALS REPORT

Copper Pulls Back as Macro Pressure Builds

Summary

- Oil surged, yields hit fresh highs and the dollar strengthened as markets priced a more restrictive Fed outlook.
- Copper's breakout faltered, while aluminium held firm on Middle East energy and supply concerns.
- Higher yields and a stronger dollar sent gold and silver sharply lower.

Macro

US stocks opened lower as markets reacted to a fresh escalation in the US-Iran conflict and renewed pressure on mega-cap technology names. The latest move was driven by reports of attacks on Saudi tankers in the Red Sea, further US-Iran strikes and concerns that the conflict is widening beyond the Strait of Hormuz, which pushed crude higher and weighed on broader risk appetite.

Oil was again the main transmission channel. WTI moved above $90/bbl, while Brent rose towards $100/bbl as markets rebuilt the energy risk premium after the latest escalation. This pushed the US 10-year yield above 4.7%, its highest level since January 2025, as investors reassessed the risk that higher energy prices could keep inflation pressure elevated and force the Fed to stay restrictive for longer.

The dollar also strengthened, with DXY moving towards 101.5 as higher yields and safe-haven demand supported the currency. The move suggests markets are again prioritising inflation and geopolitical risk over last week's softer inflation data, with Fed funds futures now pricing the first full hike in September and another by March.

We expect markets to remain headline-driven in the near term. If Brent stays near $100/bbl and US yields remain above 4.7%, the market is unlikely to fully price a softer Fed path, leaving equities vulnerable and the dollar supported. The main risk is that energy and tariff pressures combine to keep inflation expectations elevated, even as underlying data have recently shown signs of moderation.

Base Metals

Base metals softened, with copper giving back the clearest part of yesterday's breakout. The metal fell back to around $13,610/t, almost exactly into the previous $13,600-13,700/t resistance zone. The pullback shows that buyers are still cautious and were not prepared to defend yesterday's highs once the macro tone became more restrictive.

Aluminium was more resilient, holding close to $3,190/t after briefly pushing above $3,200/t earlier in the session. This makes sense given aluminium's direct exposure to the Middle East, both through energy costs and regional supply flows, leaving the metal more sensitive to renewed disruption risk than much of the wider complex. The market is still testing the resistance area that has capped rallies over the past week, but the limited pullback suggests buyers remain present while geopolitical and energy risks stay elevated.

Tariffs remain an important source of uncertainty for the complex. The temporary Section 122 tariff is due to expire on 24 July unless extended, while the administration has already shifted more of the focus towards Section 232 measures on steel, aluminium and copper, including 50% tariffs on many full-metal articles and lower tiered rates for selected derivatives and transitional categories. This keeps trade-policy risk relevant for metals, particularly copper and aluminium, as it can encourage front-loaded shipments into the US and support regional premiums even when underlying demand is not improving. For copper, tariff uncertainty should continue to provide a floor, but today's rejection shows that the market still needs stronger flow support to extend towards $14,000/t.

Precious Metals and oil

Precious metals sold off sharply as the oil-driven rise in yields and the stronger dollar outweighed any safe-haven support from renewed Middle East escalation. Gold fell to around $4,050/oz, giving back yesterday's advance and breaking back below the $4,100/oz area after failing to hold the recent move towards $4,150/oz. The price chart now points to a more fragile short-term structure, with the market drifting back towards the $4,000/oz support as higher yields raise the opportunity cost of holding gold.

Silver underperformed again, dropping to around $57.5/oz and reversing most of this week's recovery. The break back below $59/oz is technically weak and shows that buyers were not prepared to defend the rebound once macro pressure intensified. We see silver remaining more vulnerable than gold in the near term, while gold is likely to hold up better if the $4,000/oz area continues to attract buying interest.

All price data is from 23.07.2026 as of 17:30