Sucden Financial

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DAILY BASE METALS REPORT

Oil Relief, Fed Risk

Summary

- Lower oil eased the immediate inflation shock, but firm yields and a stronger dollar kept risk appetite capped.
- Copper, tin and zinc led base metals, while nickel weakened and aluminium stayed rangebound.
- Gold and silver held support, but rallies faded as FX and rates remained restrictive.

Macro

US stocks started the session mixed as the market tried to balance relief from lower oil against renewed pressure in technology. The Dow was better supported, helped by the fall in crude, while the Nasdaq weakened as chip names came back under pressure and investors continued to question whether AI-related spending can keep supporting valuations.

Oil was the main source of relief today. Brent fell below $90/bbl and WTI traded around $83/bbl after the US and Iran paused attacks, easing the immediate supply-risk premium that dominated last week's price action. However, the de-escalation still looks tactical. Talks linked to the Strait of Hormuz are continuing through regional channels, but there is no formal settlement, shipping risk has not disappeared, and US officials have kept a firm military stance. This means markets can price out part of the panic premium, but they are unlikely to fully remove the inflation risk while the geopolitical situation remains unresolved.

The rates and FX reaction shows that investors are not treating the oil pullback as a clean dovish signal. DXY moved back towards 101.5, while the US 10-year yield remains high around 4.6%, only modestly below last week's 4.7% area. Lower oil should reduce some near-term pressure on inflation expectations, but yields are still elevated enough to keep the higher-for-longer narrative in place. The focus now shifts to one of the busiest macro weeks of the summer, with the Fed decision on Wednesday.

Base Metals

Base metals were firmer but uneven, with stronger price action concentrated in copper, tin and zinc.

Copper recovered towards $13,746/t after holding last week's support area, although momentum faded near $13,800/t, leaving the market well supported but not yet in breakout territory. Zinc also held above $3,600/t and continues to build a higher-low structure, while tin remains the strongest metal after extending above $54,000/t, suggesting dips are still being bought despite thinner liquidity.

Aluminium and lead remain more rangebound. Aluminium is holding around $3,170/t, with buying still evident near $3,150/t, but the failure to sustain moves above $3,180/t keeps the market capped for now. Lead has recovered towards $1,895/t after defending the $1,880/t area, although repeated hesitation around $1,900/t suggests it is only stabilisation.

Nickel is the main weak point. Prices slipped back towards $17,230/t after rejecting the $17,400/t area, and the late-session pullback shows that buyers are becoming less comfortable chasing strength.

Overall, we expect base metals to remain supported on dips where individual supply stories are still constructive, but the firmer dollar and high US yields mean rallies are likely to need stronger macro confirmation, particularly into the Fed decision and key US data later this week.

Precious Metals and oil

Precious metals were firmer on the day, but the price action shows that the recovery is already losing some strength. Gold traded around $4,076/oz after holding above last week's lows, but the move stalled below the 4,120/oz and prices faded into the afternoon. This keeps gold supported, although the firmer dollar and US 10-year yield near 4.6% limit the case for a cleaner upside extension ahead of this week's Fed decision and US inflation data.

Silver followed a similar pattern, rising towards $59.5/oz earlier in the session before slipping back to around $58.6/oz. The metal remains above last week's support zone, but the repeated failure to hold above $59/oz suggests that positioning is still cautious and momentum buyers are not yet willing to chase strength.

All price data is from 27.07.2026 as of 17:30