Sucden Financial

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DAILY BASE METALS REPORT

Fed Risk Keeps Metals on the Defensive

Summary

- Lower oil eased inflation pressure, but firm yields kept markets cautious ahead of the Fed.
- Base metals weakened broadly, with nickel breaking lower and copper losing momentum.
- Gold and silver sold off as elevated rates kept buyers reluctant to chase rebounds.

Macro

US stocks opened mixed as weaker oil helped the broader market, but technology remained under pressure. Dow Jones increased at the start of the session, while Nasdaq weakened as the semiconductor sell-off continued and investors questioned the sustainability of AI-related capex. Oil extended its decline, with Brent around $86/bbl and WTI below $81/bbl, as markets continued to remove part of the US-Iran war premium. The pause in hostilities and renewed diplomatic signals have reduced the immediate inflation shock from energy, but the situation is not fully resolved. Shipping through the Strait of Hormuz has not normalised, and any setback in talks could quickly bring risk premium back into crude.

The FX and rates move shows that markets are still cautious ahead of tomorrow's Fed decision. DXY initially pushed above 101.6 before slipping below 101.4 later in the day, while the US 10-year yield edged lower but remained above 4.6%. This suggests investors are pricing some relief from lower oil, but not enough to challenge the higher-for-longer narrative. With the Fed decision and press conference due tomorrow, we expect markets to stay highly sensitive to any language on inflation persistence, energy risk and whether September remains open for further tightening.

Base Metals

Base metals weakened today, with the softer tone becoming more broad-based as the session progressed. Copper slipped back towards $13,654/t after failing to extend yesterday's recovery, suggesting that buyers are becoming more cautious ahead of the Fed. Zinc also reversed from recent highs, falling back towards $3,570/t, while tin dropped to around $53,710/t after failing to hold above $54,000/t. The moves suggest that last week's stronger price action is now being tested by a firmer dollar environment and still-elevated US yields.

Aluminium and lead remain more rangebound, but neither is showing strong upside conviction. Aluminium fell towards $3,150/t and is now back near the lower end of its recent range, making the $3,140-3,150/t area important for near-term support. Lead held close to $1,890/t, but repeated hesitation below $1,900/t suggests that the market is stabilising rather than building momentum. Unless aluminium can reclaim $3,160-3,170/t and lead can close above $1,900/t, both metals are likely to remain vulnerable to further range trading.

Nickel is the clearest weak point. Prices fell sharply towards $16,970/t after breaking below the $17,100/t area, confirming that recent support has given way and leaving the market exposed to further downside if buyers do not return quickly.

Overall, we expect base metals to stay cautious into tomorrow's Fed decision. Supply risks should still limit aggressive downside in selected markets, but today's price action shows that rallies are losing traction, and a softer dollar or more dovish Fed signal will likely be needed to rebuild confidence.

Precious Metals and oil

Precious metals weakened sharply today, with both gold and silver giving back yesterday's support as the firmer rates environment continued to weigh on sentiment. Gold fell towards $4,032/oz after failing to hold the $4,080/oz area, leaving the market closer to the lower end of its recent range. The near-term risk is that a break below $4,020/oz opens another test of the $4,000/oz area, especially if tomorrow's Fed message keeps yields elevated and the dollar supported.

Silver underperformed, falling towards $57.2/oz after losing the $58/oz handle. The move confirms that positioning remains fragile, with buyers still unwilling to chase strength while US 10-year yields hold above 4.6%. A recovery back above $58/oz would help stabilise sentiment, but until then the metal looks more exposed than gold to further liquidation.

All price data is from 28.07.2026 as of 17:30