Sucden Financial

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DAILY BASE METALS REPORT

Dollar Drop Lifts Metals

Summary

- Softer GDP pulled the dollar lower, but firm yields kept the macro relief incomplete.
- Base metals bounced on dollar weakness, though copper still needs liquidity to extend.
- Gold and silver recovered, but stronger upside still depends on a clearer drop in yields.

Macro

US stocks rebounded at the open as markets recovered from yesterday's Fed-driven sell-off, with the Nasdaq leading the move after stronger Microsoft earnings helped restore some confidence in the AI trade. The Dow and S&P 500 also moved higher, but the rebound still looks selective, with investors waiting for Apple and Amazon results to judge whether mega-cap earnings can continue to absorb concerns around elevated capex and tighter financial conditions.

Today's data offered some relief, but not enough to fully shift the macro narrative. Q2 GDP rose by only 1.5%, below expectations and down from 2.1% in Q1, while June PCE was broadly in line with forecasts. Headline PCE fell 0.1% MoM and stood at 3.7% YoY, while core PCE rose 0.1% MoM and 3.3% YoY. The dollar reacted sharply to the softer growth print, falling below 100.0 before rebounding slightly to trade below 100.2, suggesting the initial move was too aggressive given inflation remains well above the Fed's target.

The Treasury market remains the more important signal. The US 10-year yield initially moved back above 4.7% after Chair Kevin Warsh offered limited guidance on the Fed's next step, before easing after the softer GDP and in-line PCE prints. However, yields ended close to where they started, which suggests investors are becoming less responsive to weaker growth or lower oil unless the data clearly change the policy path. For now, the market appears uncertain about whether the Fed is simply waiting for more evidence or delaying an eventual hike, leaving rates elevated and keeping the higher-for-longer narrative in place.

Base Metals

Base metals recovered broadly today, with the strongest price action in tin, zinc, copper and nickel, while lead lagged.

Copper rallied above $13,800/t, bringing the market back towards the upper end of its recent range. The move is constructive, but for a stronger trend to materialise, the market needs better liquidity and sustained participation. Without that, a move towards $13,850/t and beyond looks difficult to maintain. Aluminium also improved towards $3,195/t, although the rejection from the $3,200/t area suggests buyers still need a clearer macro catalyst. We think a stronger breakout is unlikely for now.

Zinc and tin showed the cleanest upside momentum. Zinc rebounded sharply to around $3,615/t after regaining the $3,590/t area, improving the near-term setup and putting the recent highs near $3,625/t back in focus. Nickel also recovered to around $17,300/t, reclaiming the level lost earlier in the week and reducing the immediate downside risk. The next test is whether prices can hold above $17,250/t, as failure there would suggest today's move was only a corrective bounce.

Overall, we see today's recovery mainly as a bounce on dollar weakness rather than the start of a broader trend. The move is encouraging, but with US yields still elevated and the Treasury market uncertain, metals will likely need continued dollar softness, stronger copper follow-through and better liquidity to sustain upside into tomorrow.

Precious Metals and oil

Precious metals recovered as the dollar weakened after the softer GDP print, but the move was not fully convincing given the lack of a clear decline in Treasury yields. Gold rallied back above $4,090/oz after holding the $4,020-4,040/oz area, briefly testing the $4,120/oz region before fading into the afternoon. This keeps the near-term structure more constructive than yesterday, although the metal still needs to hold above $4,080/oz to avoid another move back towards $4,040/oz.

Silver outperformed, rising back towards $58.4/oz after reclaiming the $58/oz level. The recovery suggests that buyers are returning after this week's liquidation, but the metal remains below the stronger resistance area near $59.0/oz. A sustained move through that zone would improve confidence that the recent downside pressure has run its course, while failure to hold above $58/oz would leave silver vulnerable to renewed selling.

Overall, today's softer dollar has given gold and silver short-term relief, but the rates environment is still not supportive enough to call for a clean upside extension. The 10-year yield remains elevated and the Treasury market appears uncertain, which means precious metals are likely to remain sensitive to tomorrow's data and any follow-through in FX. We expect dips to be better supported while DXY stays below 100.2, but stronger upside will need a more decisive move lower in yields.

All price data is from 30.07.2026 as of 17:30