Sucden Financial

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DAILY BASE METALS REPORT

Relief Rally, Uneven Metals

Summary

- Lower oil and calmer US-Iran headlines supported risk appetite, but yields remain too high for a clean dovish shift.
- Aluminium and copper led the base metals rebound, while lead and nickel stayed weak.
- Gold and silver struggled despite dollar softness as elevated yields kept pressure on precious metals.

Macro

US stocks jumped at the opening, once again approaching record highs as lower oil helped ease the immediate inflation shock and supported a renewed risk-on move. Sentiment was helped by the US decision not to strike Iran over the weekend, which allowed markets to price out part of the geopolitical risk premium.

The move in yields was more limited, with the US 10-year still close to recent highs, so the rebound looks less like a clean dovish repricing and more like a relief move driven by lower energy prices and calmer headlines. For now, investors appear willing to re-enter risk when the oil shock fades, although the rally remains dependent on geopolitical developments and the rates market.

This week's calendar will test whether US data can validate the relief trade. ADP employment on Wednesday and the July employment report on Friday are the key releases, with nonfarm payrolls expected at 85k and the unemployment rate expected to hold at 4.2%. A softer labour market would give Treasuries a clearer reason to rally and help sustain the equity rebound and dollar weakness. Without that, today's risk-on move may remain dependent on lower oil and calmer geopolitical headlines rather than a more durable shift in the rates outlook.

Base Metals

Base metals started the week firmer overall, although the recovery was uneven.

Aluminium and copper held the strongest tone, with aluminium pushing above $3,220/t and copper trading near $13,857/t after extending last week's rebound. Copper remains close to the upper end of its recent range, but the move still needs stronger liquidity and a sustained break above $13,900/t to confirm a more durable upside trend. Aluminium has reclaimed the $3,200/t area, but we do not expect prices to hold comfortably at these levels without a renewed Middle East shock or another clear supply-risk catalyst.

Tin also remained well supported, trading around $55,445/t and holding most of last week's gains. The market continues to show buying interest on dips, but the move is becoming extended, which leaves it vulnerable to profit-taking if the dollar stabilises or yields move higher again.

Zinc, by contrast, lost momentum after last week's strong rally, falling back towards $3,631/t after failing near $3,700/t. The metal is still above the broader support area around $3,600/t, but the sharp intraday reversal suggests upside is becoming harder to sustain without fresh macro support.

Nickel and lead remain the weak points. Nickel fell sharply to around $17,025/t after failing to hold above $17,200/t, leaving the market exposed to another test of the $17,000/t area. Lead also continued to soften, slipping towards $1,865/t and extending the downtrend that developed last week.

Precious Metals and oil

Precious metals started the week on the back foot, with both gold and silver failing to benefit from the softer dollar. Gold traded around $4,035/oz after another attempt to stabilise below $4,080/oz faded, leaving the metal closer to the lower end of its recent range.

Silver also remained under pressure, trading below $57.5/oz after losing the $58/oz area earlier in the session. The bounce from just below $57/oz suggests some dip-buying is still present, but the broader price action remains weak after last week's failure near $59/oz.

Overall, today's move suggests precious metals are not yet responding to dollar weakness in a convincing way. Lower oil and stronger equities have reduced immediate defensive demand, while US yields remain high enough to keep pressure on non-yielding assets. We expect gold and silver to remain sensitive to this week's labour data, with a clearer fall in Treasury yields needed to turn today's support into a more durable recovery.

All price data is from 03.08.2026 as of 17:30