Sucden Financial

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DAILY BASE METALS REPORT

Oil Slide Fuels Risk Rally

Summary

- Record-high equities were supported by lower oil, softer yields and renewed optimism around US-Iran talks.
- Copper broke above $14,000/t and tin extended gains, while aluminium and nickel struggled to hold intraday strength.
- Gold and silver recovered as yields fell, with silver leading after reclaiming the $59/oz area.

Macro

US stocks climbed again at the opening, with the Dow and S&P 500 trading at record highs and the Nasdaq also firmer as investors leaned further into the relief trade supported by earnings strength and optimism around Middle East talks. The move extends yesterday's rally and suggests investors are again willing to pay for risk when energy prices fall and the immediate inflation shock fades.

DXY hovered close to 100.0 after last week's sharp decline, while the US 10-year yield fell from above 4.7% into the lower 4.6% area. The move in Treasuries gives the equity rally stronger macro support. The fall in yields suggests markets are starting to price a lower inflation risk premium as oil drops, although the Fed outlook has not yet been reset and investors are still waiting for this week's labour data to confirm whether the move can be sustained.

Oil was the main driver again, with Brent falling below $80/bbl and WTI trading around $76/bbl as markets removed more of the US-Iran war premium. Brent fell sharply as hopes for renewed diplomacy eased concerns over supply disruption. However, prospects remain uncertain, with Iran still insisting on control over maritime traffic through the waterway.

For now, this leaves markets in a stronger but still headline-sensitive position. Lower oil, a weaker dollar and softer yields are giving equities more room to extend towards record highs, but the rally still depends on diplomacy holding and on US data validating the move in Treasuries. ADP employment tomorrow and nonfarm payrolls on Friday are now the key tests. If labour demand softens enough to keep yields lower, the current risk-on move could extend.

Base Metals

Base metals were firmer overall, with the strongest tone in copper, tin, lead and zinc, while aluminium lost some momentum into the close and nickel faded from its intraday highs.

Copper pushed above $14,000/t and traded around $14,045/t, confirming the strongest upside structure in the complex. The move is more convincing than yesterday's range-bound trading, but the market now needs to hold above $14,000/t to avoid another false break. If liquidity remains supportive and yields stay in the lower 4.6% area, copper could continue to test higher levels, although any recovery in the dollar would make the market vulnerable to profit-taking after such a sharp move.

Tin also extended higher, trading close to $55,955/t and holding a steady upward trend through the session. The price action suggests dips are still being bought, but the market is becoming increasingly stretched, so we would expect further upside to be slower unless fresh supply concerns emerge. Zinc recovered towards $3,674/t after yesterday's pullback, keeping the broader uptrend intact, although the metal still needs to clear the $3,690-3,700/t area to confirm another leg higher. Lead also rebounded strongly towards $1,894/t, but the market remains below last week's highs, so for now we see the move as a recovery within a broader range rather than the start of a stronger trend.

Aluminium and nickel were less convincing. Aluminium briefly pushed towards the $3,260/t area before fading back to around $3,223/t, reinforcing the view that prices are struggling to hold elevated levels without another clear supply-risk catalyst. Nickel also failed to sustain its earlier move above $17,300/t and slipped back towards $17,135/t, leaving the metal vulnerable if it cannot reclaim $17,200/t quickly.

Overall, the weaker dollar and lower yields have helped lift the complex, but the recovery remains selective. Copper and tin look best placed to extend if macro conditions stay supportive, while aluminium and nickel still need stronger follow-through to avoid another reversal.

Precious Metals and oil

Precious metals recovered strongly, with silver leading the move and gold rebuilding support after yesterday's weakness. Gold traded around $4,080/oz, moving back towards the upper part of its recent range. The recovery is constructive, but the metal still needs to clear the $4,100-4,120/oz area to confirm stronger upside momentum. Until then, we see gold as better supported, but still sensitive to any renewed rise in US yields.

Silver outperformed sharply, rising above $59/oz and briefly approaching the $60/oz area before easing slightly into the afternoon. The move through $58.5/oz improves the near-term structure and suggests buyers are becoming more comfortable rebuilding exposure after last week's liquidation. A sustained hold above $59/oz would keep the market positioned for another test of $60/oz, while a move back below $58.5/oz would suggest today's rally was mainly a short-covering move.

Overall, today's price action shows precious metals responding more convincingly to the softer yields environment, with silver benefiting most from the improvement in risk appetite and dollar stability. We expect gold and silver to remain supported if the US 10-year yield stays in the lower 4.6% area, but further upside will depend on this week's labour data giving Treasuries another reason to rally.

All price data is from 04.08.2026 as of 17:30