Sucden Financial

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DAILY BASE METALS REPORT

Relief Trade Stalls, Metals Split

Summary

- Equities weakened as firmer yields, a stronger dollar and higher oil challenged the relief trade.
- Zinc and aluminium held firmer, while copper faded from highs and nickel remained under pressure.
- Gold and silver extended gains, with silver outperforming as momentum buyers stayed active.

Macro

US stocks dropped at the opening as the relief trade lost momentum and investors moved to lock in gains ahead of Friday's payrolls report. The dollar recovered towards 100.0, while the US 10-year yield moved back above 4.6%, suggesting markets were not ready to extend the dovish repricing despite softer labour signals earlier in the week.

Oil also reversed higher, with Brent moving back above $80/bbl to trade around $83/bbl and WTI near $77.5/bbl. The move reflected renewed uncertainty around the Strait of Hormuz, after signs that a US-Iran arrangement remains difficult and that any reopening could still come with restrictive conditions. This brought some energy risk premium back into the market after the sharp decline earlier in the week.

Overall, the tone turned more cautious. Lower oil had helped equities reach new highs earlier in the week, but yesterday's rebound in crude, firmer yields and a stronger dollar show that the relief trade remains fragile. We expect markets to stay focused on whether Friday's payrolls report gives Treasuries a reason to rally again, or whether resilient labour data keep financial conditions restrictive.

Base Metals

Base metals were mixed, with aluminium and zinc extending higher while copper faded from intraday highs and nickel remained the clear weak point. Aluminium pushed towards $3,270/t, continuing to build support above $3,240/t, although the move is now approaching levels where we would still expect resistance without a fresh supply-risk catalyst. Zinc was the strongest performer, rising towards $3,770/t after breaking above this week's range, and the price action suggests buyers remain comfortable adding exposure while the dollar stays contained.

Copper briefly pushed higher but failed to hold the move above $14,300/t, slipping back towards $14,100/t later in the session. The market remains above the $14,000/t area, so the broader structure is still constructive, but the intraday reversal points to some profit-taking after the recent breakout. To keep momentum intact, copper needs to hold above $14,000/t and rebuild towards $14,200/t. Without that, the move risks turning into another failed extension rather than the start of a cleaner trend.

Tin also eased from recent highs, falling back towards $56,500/t after failing to sustain the push above $57,000/t, suggesting that the earlier rally is becoming stretched. Lead held close to $1,890/t but remains capped below $1,900/t, keeping the market rangebound. Nickel weakened further, trading near $17,055/t after losing the $17,200/t area, leaving it vulnerable to another test lower unless buyers return quickly.

Overall, the complex still has support from a softer dollar, but today's price action was less convincing than earlier in the week. Zinc and aluminium look best supported for now, while copper needs to stabilise and nickel remains the main downside risk.

Precious Metals and oil

Precious metals extended higher, with both gold and silver holding the strong upside momentum that developed earlier in the week. Gold pushed towards $4,285/oz after consolidating above the $4,240-4,250/oz area, suggesting buyers remain comfortable holding exposure despite the recovery in the dollar and the rebound in yields.

Silver outperformed again, rising towards $63.5/oz after breaking above $62/oz. The move has been sharp, but the market has so far held most of the gains, which suggests the rally is being supported by renewed momentum rather than only short-covering.

All price data is from 06.08.2026 as of 17:30