Sucden Financial

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DAILY BASE METALS REPORT

Caution Stays Despite Softer Inflation

Summary

- Softer CPI and PPI supported risk sentiment, but yields remain elevated enough to keep Fed uncertainty alive.
- Base metals weakened, with copper failing to extend and aluminium facing a clearer supply headwind.
- Gold and silver eased from highs, with further upside dependent on a cleaner fall in US yields.

Macro

US stocks opened higher as softer PPI helped extend the relief from yesterday's CPI print. DXY initially traded above 100.0 but later fell back below 99.9, while the US 10-year yield dropped into the lower 4.6% area as markets reduced some of the near-term pressure for further Fed tightening.

However, the move still does not look like a full dovish repricing. Inflation data are improving, but the Fed is unlikely to take one softer CPI and PPI print as enough evidence that inflation risk has fully passed, especially with energy still exposed to Middle East headlines.

US-Iran tensions remain unresolved, with no clear breakthrough on the Strait of Hormuz. Oil eased on weaker demand signals and higher US inventories, but disruption risk has not disappeared. We therefore see today's move as supportive for risk sentiment, but still dependent on yields staying lower and geopolitical risk not feeding back into crude.

Base Metals

Base metals weakened overall, with copper and aluminium both failing to extend recent gains. Copper continued to unwind from yesterday's highs, briefly falling to $13,957/t before rebounding to end close to where it started around $14,130/t. The recovery keeps the market above the immediate support area, but the rejection from the $14,250/t region suggests buyers are becoming more selective. A sustained move back above $14,200/t is needed to rebuild upside momentum.

Aluminium fell further towards $3,255/t, although the move came on very small volumes, so we would be cautious about reading it as a decisive shift in sentiment. Still, the announcement from Emirates Global Aluminium that it aims to lift production back to pre-war levels already in Q1 2027 adds a clearer supply-side headwind and reduces the case for chasing prices higher without a renewed disruption risk.

Elsewhere, lead, zinc and tin softened, while nickel stayed weak below $17,000/t. Overall, the complex looks more defensive, with copper needing to stabilise and aluminium likely to struggle unless fresh supply-risk support returns.

Precious Metals and oil

Precious metals pulled back today, with gold falling towards $4,370/oz and silver slipping to around $64.7/oz. The broader uptrend remains intact, but both markets have now failed to hold recent highs, suggesting some profit-taking after the sharp rally.

Silver remains more vulnerable after failing to hold above $66/oz and moving back below $65/oz. The metal is still trading well above last week's breakout levels, but the loss of momentum suggests buyers are becoming more cautious while US yields remain above 4.6%.

We expect dips to remain supported if the dollar stays below 100.0, but stronger upside will need a clearer move lower in yields.

All price data is from 13.08.2026 as of 17:30