Sucden Financial

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DAILY BASE METALS REPORT

# Yields Cap the Breakout

## Summary

- US equities were mixed as the Nasdaq held up on tech strength, while yields above 4.7% kept the broader macro tone cautious.
- Copper and zinc spreads remain extremely tight, but outright prices still need stronger follow-through to confirm another leg higher.
- Gold and silver strengthened again, although further upside depends on lower yields.

**Macro**

US stocks opened mixed, with the Dow lower while the Nasdaq moved higher. US stocks opened mixed, with the Dow lower while the Nasdaq moved higher, suggesting investors are still rotating selectively rather than reducing risk across the board. The Dow was pressured by caution ahead of this week's major retail earnings, including Home Depot, Target, Lowe's and Walmart, while the Nasdaq continued to benefit from support for tech and AI-related names.

The US 10-year yield moved back above 4.7%, keeping the rates environment restrictive. This suggests markets are still reluctant to fully price a dovish Fed shift, even after recent weaker US data. With yields still elevated, equity upside looks increasingly dependent on earnings resilience.

Japan's Q2 GDP rose 1.1% annualised, below expectations for 2.0%, with weaker domestic demand offsetting stronger exports. The reading points to a softer underlying growth picture, but it is unlikely to fully remove BoJ tightening risk given persistent inflation pressure and yen weakness. US-Iran tensions also remain unresolved, with the ceasefire/MoU window expiring and no clear diplomatic breakthrough. This keeps an energy-risk premium in the market and limits how far investors can price out inflation risk.

**Base Metals**

Base metals were mixed, with copper holding firm but still unable to generate a cleaner upside break. Three-month copper traded around $14,165/t after being capped near the $14,200/t area, suggesting the outright price is still struggling to follow the extreme tightness in the nearby spread. The cash-to-3-month spread is now around $480 backwardation. Unless copper can hold above $14,200/t with stronger liquidity, we would be cautious about chasing the upside, especially if the nearby spread eases after roll pressure passes.

Zinc remains one of the better-supported markets, trading around $3,770/t with the cash-to-3-month spread still deeply backwardated around $92, but the outright price is starting to look stretched near recent highs.

Aluminium recovered modestly towards $3,268/t, although the move still looks corrective after last week's decline and the market will likely need renewed supply-risk support to rebuild confidence above $3,300/t. Tin weakened sharply towards $55,715/t, confirming that profit-taking is still active after the recent rally, while nickel remains below $17,000/t and lead continues to struggle around $1,890/t.

Overall, spreads still point to tight nearby conditions in copper and zinc, but the broader complex needs stronger macro support and better outright follow-through before we can call for a sustained leg higher.

### Precious Metals and oil

Precious metals strengthened again, with gold pushing above $4,420/oz and silver extending towards $66.4/oz.

Gold has rebuilt momentum after holding the $4,380/oz area and now looks better supported, although the next test is whether it can sustain a move above the recent $4,440/oz highs. With the US 10-year yield back above 4.7%, we would be cautious about chasing the move too aggressively unless Treasury yields start to ease again.

Silver continues to outperform, breaking above last week's highs and moving towards the $66.5/oz area. The price action suggests buyers are still active, but the move is becoming increasingly stretched after the recent rally.

Overall, precious metals remain well supported, but further gains will likely need either weaker yields or renewed safe-haven demand.

All price data is from 18.08.2026 as of 17:30