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DAILY BASE METALS REPORT

Treasury Relief Lifts Risk

Summary

- Treasury's expanded buyback plan pulled yields below 4.7% and pushed DXY below 99.0, giving equities a relief catalyst.
- Base metals stabilised unevenly, with copper and zinc still supported by tight spreads but lacking strong outright follow-through.
- Gold and silver rebounded sharply as lower yields and a weaker dollar brought buyers back into precious metals.

Macro

US stocks jumped at the opening as the Treasury's expanded buyback plan helped stabilise the long end of the curve and triggered a broader risk-on move. The Treasury will at least double buybacks of longer-dated nominal securities, lifting the maximum operation size from $2bn to at least $4bn for the 10-20yr and 20-30yr sectors from 9 September to 4 November. This pushed yields lower, with the US 10-year dropping below 4.7%, while DXY fell below 99.0.

The move gives equities a short-term relief catalyst after yesterday's pressure from oil and yields, but it does not fully change the macro environment. The buyback plan improves liquidity support in the long end, but it does not remove the underlying concerns around deficits, inflation risk and heavy duration supply. For now, the lower yield move helps sentiment, but markets will still need evidence that inflation and energy risks are not re-accelerating.

US-Iran risk remains unresolved. The US has no talks planned with Iran, while the Strait of Hormuz situation remains tense, with limited traffic and ongoing disagreement around reopening conditions. This keeps an energy-risk premium in the market and limits how far investors can price out inflation risk, even as today's Treasury announcement gives risk assets some breathing space.

Base Metals

Base metals attempted to stabilise after yesterday's sell-off, but the recovery was uneven.

Copper rebounded from the sub-$13,900/t area to around $14,030/t, but remains below the $14,100-14,200/t zone that previously anchored the range. The cash-to-3-month spread has widened slightly again to around $278 backwardation after yesterday's collapse, but it is still well below last week's extremes, suggesting prompt pressure remains present but no longer strong enough on its own to drive a clean outright breakout.

Zinc stabilised around $3,703/t, with the cash-to-3-month spread still tight near $85 backwardation, but the outright price has not yet followed the spread higher.

Nickel was the strongest mover, jumping back above $17,100/t and recovering the levels lost earlier in the week, although it now needs to hold above $17,000/t to confirm that the move is more than short-covering. Tin also bounced towards $55,450/t, but the broader structure remains damaged after the recent sharp decline. Aluminium recovered modestly towards $3,228/t, while lead held close to $1,888/t and remains rangebound.

Overall, nearby tightness in copper and zinc should limit downside, but the complex still needs stronger macro support and better follow-through in copper before we can call for a sustained recovery.

Precious Metals and oil

Precious metals rebounded sharply as the drop in the dollar below 99.0 and the move in the US 10-year yield back below 4.7% gave buyers a clear macro trigger.

Gold surged towards $4,485/oz after breaking back above the $4,400/oz area, fully reversing yesterday's sell-off and putting the recent highs back in focus. The move looks constructive, but after such a sharp intraday rally, gold now needs to hold above $4,450/oz to confirm that this is more than a short-covering rebound.

Silver also recovered strongly, rising back towards $65.5/oz after holding the low-$63/oz area earlier in the session. The move confirms that buyers are still willing to step in on dips when yields soften, although silver remains more volatile and has not yet reclaimed last week's highs near $66.5/oz.

Overall, precious metals look better supported as long as the Treasury buyback-driven fall in yields holds, but further upside will still depend on whether bond-market relief can be sustained.

All price data is from 19.08.2026 as of 17:30