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FRI 21 AUGUST 2026 07:30

DAILY BASE METALS REPORT

Bond Relief Fades, Metals Diverge

Summary

- US equities weakened as yields rebounded towards 4.7%, while higher oil kept inflation risks elevated.
- Copper's inventory inflow eased nearby stress, while zinc, lead and tin outperformed the wider base metals complex.
- Gold held above $4,500/oz and silver broke above $68/oz, but rising yields increased the risk of profit-taking.

Macro

US stocks opened lower as yesterday's bond-market relief quickly faded. The US 10-year yield rebounded towards 4.7%, reversing most of Wednesday's decline, while weaker Walmart guidance added to pressure on the Dow and higher rates weighed on the Nasdaq. DXY remained broadly unchanged around 98.8.

The Treasury's expanded buyback plan will double the maximum size of long-end operations from $2bn to at least $4bn between 9 September and 4 November. Bessent has framed the move as liquidity support for longer-dated Treasuries, but today's yield rebound suggests markets see it as a temporary backstop that does not address heavy supply, fiscal concerns or inflation risk.

Oil added to the pressure, with Brent around $93/bbl and WTI near $87/bbl as the US-Iran impasse continued to disrupt Middle East supply flows. Washington has threatened a new economic campaign against Iran, while Hormuz traffic remains well below pre-war levels. This keeps the energy-driven inflation risk firmly in place and limits the scope for a sustained decline in Treasury yields.

Base Metals

Base metals were mixed, with copper stabilising around $14,035/t after rebounding from below $13,900/t, while zinc, lead and tin moved higher.

Copper's recovery remains limited by the rapid easing in nearby tightness. Readily available LME inventories increased by almost 72,000 tonnes this week as traders delivered metal into warehouses and some warrant cancellations were reversed. This narrowed the cash-to-3-month backwardation to around $225/t from as much as $545/t on Monday. The spread remains historically tight, but the inventory inflow reduces the immediate squeeze risk and makes a sustained break above $14,100-14,200/t less likely without stronger outright demand.

Zinc led the complex higher towards $3,755/t, while tin recovered towards $55,785/t and lead moved close to $1,900/t. In contrast, aluminium fell towards $3,200/t and nickel reversed yesterday's rally, dropping back below $16,900/t.

Overall, we see further copper warehouse inflows continuing to ease nearby stress, which could gradually reduce support for the outright price. Zinc's firmer tone should remain intact while prices hold above $3,740/t, but the wider complex still lacks enough momentum for a sustained move higher.

Precious Metals and oil

Precious metals extended higher, with gold holding around $4,530/oz after briefly testing $4,538/oz, while silver outperformed sharply towards $68.7/oz. The Treasury buyback plan continues to support gold through the weaker-dollar and currency-debasement narrative, although today's rebound in the US 10-year yield towards 4.7% limited follow-through above $4,550/oz.

Silver's breakout above $68/oz shows stronger momentum, but the rapid rise leaves the market increasingly exposed to profit-taking. Gold should remain supported above $4,500/oz, despite continued Russian reserve sales, while further gains in both metals will likely require renewed Treasury strength or another escalation in Middle East risk.

All price data is from 20.08.2026 as of 17:30