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DAILY BASE METALS REPORT

PCE Pressure Ahead of Jackson Hole

Summary

- Inflation remained sticky, reinforcing the higher-for-longer narrative and supporting DXY near 99.2.
- Copper and zinc spreads signalled prompt tightness, but outright prices failed to follow.
- Precious metals weakened as gold lost \$4,680/oz and silver retreated towards \$67.8/oz.

Macro

US stocks opened cautiously and remained slightly softer as investors reduced risk ahead of Nvidia's results, with the S&P 500 slipping and heavyweight technology stocks under pressure. The earnings release is an important test of whether AI-related growth and spending can continue to justify elevated technology valuations.

July PCE inflation was slightly firmer than expected. Headline PCE rose 0.2% MoM and held at 3.7% YoY, while core PCE increased 0.2% MoM and remained at 3.3% YoY. The data kept inflation well above the Fed's target and helped DXY rise towards 99.2, while the US 10-year yield fluctuated above 4.65%. This reinforces the view that the Fed has limited scope to turn dovish, leaving Friday's Jackson Hole speech as the next policy catalyst.

US-Iran tensions eased at the margin as Iran and Oman discussed a temporary shipping corridor through the Strait of Hormuz, helping Brent fall below \$87/bbl and WTI towards \$81/bbl. However, the arrangement does not amount to a full reopening, while new US sanctions and Iran's restrictions on shipping remain in place. Lower oil provides some inflation relief, but geopolitical risk has not been removed.

Base Metals

Base metals weakened overall, with zinc and lead the exceptions.

Copper reversed sharply from an intraday high near \$14,437/t to around \$14,255/t, with today's trading range exceeding recent average daily ranges. The move highlights elevated volatility as the firmer dollar and US 10-year yield above 4.65% encouraged profit-taking.

Meanwhile, the copper and zinc backwardations remain pronounced, signalling continued tightness in nearby availability, but the weak copper close and broadly unchanged zinc price show that prompt tightness is not currently producing a clear outright rally.

Aluminium fell towards \$3,229/t, while nickel dropped below \$17,000/t to around \$16,930/t. Zinc held near \$3,900/t after reaching \$3,951/t, while lead remained above \$1,910/t.

We expect the strong copper and zinc backwardations to limit downside, but the divergence between tight

spreads and outright prices suggests buyers remain cautious.

Precious Metals

Precious metals weakened after the firmer PCE print. Gold reversed from an intraday high near \$4,731/oz to around \$4,655/oz, moving below the \$4,668/oz pivot area as momentum deteriorated. Gold now needs to recover above \$4,680/oz to stabilise, while failure to hold \$4,640-4,650/oz could set the scene for a deeper correction towards \$4,620/oz.

Silver underperformed, falling from \$69.75/oz to around \$67.8/oz and confirming another rejection from the \$70/oz resistance area. The rapid pullback suggests profit-taking accelerated as the dollar and yields moved higher. Silver needs to reclaim \$68.70-69.00/oz to rebuild momentum, while a sustained break below \$67.50/oz would leave the market more exposed ahead of Friday's Jackson Hole speech.

All price data is from 26.08.2026 as of 17:30

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