

Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Senior Research Analyst

SAT 29 AUGUST 2026 07:30

DAILY BASE METALS REPORT

Hawkish Warsh Tests Metals

Summary

- Jackson Hole lifted the dollar and yields, reinforcing the higher-for-longer narrative despite our expectation that the Fed will remain on hold.
- Copper and zinc backwardations remained pronounced, but tight nearby conditions failed to generate stronger outright momentum.
- Tin and lead recovered, while aluminium remained capped and nickel continued to underperform.

Macro

US stocks opened modestly firmer, with communication services, consumer discretionary and technology shares extending some of Thursday's earnings-led strength. However, the initial advance was limited as investors waited for Kevin Warsh's Jackson Hole address.

Kevin Warsh struck a hawkish tone, arguing that recent inflation readings had not shown a meaningful improvement in underlying price pressures and that inflation should remain the Fed's primary focus. He also avoided giving explicit forward guidance or signalling a decision for September. Markets nevertheless raised the probability of a September hike, pushing the policy-sensitive two-year yield sharply higher. DXY jumped above 99.5 and the US 10-year yield moved towards 4.7%, while equities remained slightly firmer as confidence in economic and earnings resilience partly offset the less supportive rates outlook.

Overall, Jackson Hole reinforced the higher-for-longer narrative, with the rise in the dollar and yields reflecting Kevin Warsh's continued focus on inflation. However, we still do not expect the Fed to deliver another hike. Labour-market momentum has softened, growth is losing pace and the full impact of existing restrictive policy is still feeding through to the economy. With rates already weighing on interest-sensitive sectors, an additional increase could create greater downside risk to activity for limited inflation benefit. We therefore expect the Fed to keep rates unchanged for an extended period, while retaining a hawkish bias until inflation shows more convincing progress towards target.

Base Metals

Base metals were mixed after Kevin Warsh's hawkish Jackson Hole message lifted the dollar and yields.

Copper briefly fell towards \$14,180/t before recovering above \$14,300/t, while zinc stabilised around \$3,885/t. The cash-to-three-month backwardations in both metals remained pronounced despite narrowing from recent extremes, signalling continued nearby tightness. However, the restrained response in three-month prices shows that prompt pressure is still not generating a broader outright rally. Copper needs to hold above \$14,300/t and regain \$14,350-14,400/t to rebuild momentum, while zinc needs to recover above \$3,900/t to strengthen its

near-term direction.

Elsewhere, tin delivered the strongest recovery, rebounding from below \$54,700/t towards \$55,500/t, while lead advanced towards \$1,915/t after defending \$1,900/t. Aluminium recovered from around \$3,205/t but struggled to hold above \$3,240/t, and nickel remained the weakest metal near \$16,875/t following another failure below \$17,000/t.

Overall, we expect tight nearby conditions to continue limiting downside in copper and zinc. However, a broader advance still looks difficult without softer yields, better liquidity and stronger follow-through in three-month prices next week.

Precious Metals

Precious metals turned sharply volatile after Jackson Hole. Gold briefly jumped towards \$4,630/oz before reversing to around \$4,550/oz, having tested the \$4,530/oz area. Kevin Warsh's continued focus on elevated inflation kept further tightening on the table, lifting the dollar and yields and accelerating profit-taking after gold's recent rally.

Silver briefly broke above \$71/oz before falling towards \$68.3/oz and recovering to around \$69.2/oz. The sharp reversal confirms that momentum remains strong but highly sensitive to positioning and the rates outlook. A sustained move above \$70.5-71.0/oz is needed to restore upside momentum, while renewed dollar strength could bring the \$68.0-68.5/oz area back into focus.

All price data is from 28.08.2026 as of 17:30

Risk warning

This is a marketing communication. The information in this report is provided solely for informational purposes and should not be regarded as a recommendation to buy, sell or otherwise deal in any particular investment. Please be aware that, where any views have been expressed in this report, the author of this report may have had many, varied views over the past 12 months, including contrary views.

A large number of views are being generated at all times and these may change quickly. Any valuations or underlying assumptions made are solely based upon the author's market knowledge and experience.

Please contact the author should you require a copy of any previous reports for comparative purposes. Furthermore, the information in this report has not been prepared in accordance with legal requirements designed to promote the independence of investment research. All information in this report is obtained from sources believed to be reliable and we make no representation as to its completeness or accuracy.

This report is not subject to any prohibition on dealing ahead of the dissemination of investment research. Accordingly, the information may have been acted upon by us for our own purposes and has not been procured for the exclusive benefit of customers. Sucden Financial believes that the information contained within this report is already in the public domain. Private customers should not invest in these products unless they are satisfied that the products are suitable for them and they have sought professional advice. Please read our full risk warnings and disclaimers (www.sucdenfinancial.com/en/risk-warning-and-disclaimers).