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DAILY BASE METALS REPORT

Higher Yields Hit Metals

Summary

- Rising yields and renewed Iran risks pressured US equities and strengthened the dollar.
- Tight copper and zinc spreads cushioned downside, but outright base-metal momentum remained weak.
- Gold broke below \$4,400/oz and silver lost \$66/oz as higher yields accelerated profit-taking.

Macro

US stocks fell at the opening as rising Treasury yields and renewed Middle East tensions pushed investors towards more defensive positioning. Technology and chip stocks led the decline, with the US 10-year yield approaching 4.8% and DXY edging above 99.5 as markets raised expectations of a September Fed hike.

The rates market remains the main constraint. Jackson Hole reinforced the higher-for-longer narrative, while Treasury buybacks have yet to provide meaningful relief. Today's labour data showed little change in hiring conditions, leaving Friday's nonfarm payrolls report as the key test of whether the economy is softening enough to challenge the renewed tightening expectations.

Iran also returned to the foreground after tankers were struck while attempting to leave the Strait of Hormuz, pushing oil higher and reviving concerns around supply disruption. The combination of higher crude and elevated yields keeps the inflation outlook difficult and leaves equities vulnerable if Friday's labour report strengthens the case for further Fed tightening.

Base Metals

Base metals came under pressure as the stronger dollar and US 10-year yield near 4.8% outweighed support from tight physical conditions. Copper traded around \$14,300/t, with the cash-to-three-month backwardation narrowing to roughly \$151/t. Nearby availability therefore remains tight, but the reduced backwardation and weaker macro environment suggest prompt pressure is providing less support to the outright price. Copper needs to hold around \$14,250-14,300/t to avoid a deeper pullback.

Zinc remained fundamentally tighter, with the cash-to-three-month backwardation widening to around \$200/t and the three-month price holding near \$3,900/t. The contrast between the strong spread and limited outright follow-through confirms that physical tightness is being offset by the firmer dollar and elevated yields.

Aluminium remained comparatively resilient around \$3,250-3,270/t, while nickel stayed weak below \$17,000/t.

Overall, we expect tight copper and zinc spreads to cushion downside, but a broader advance looks unlikely.

Precious Metals

Precious metals sold off sharply as the stronger dollar and rise in the US 10-year yield accelerated profit-taking. Gold fell to around \$4,370/oz after breaking below \$4,400/oz, while silver dropped to around \$65.15/oz after losing the \$66/oz area. Both metals recovered modestly from their intraday lows, but the price action remained weak into late afternoon.

Gold now needs to reclaim \$4,400/oz to stabilise, while failure to defend \$4,350/oz could set the scene for a deeper correction. Silver remains more exposed after its sharper decline, with a recovery above \$66/oz needed to rebuild momentum. We expect Friday's payrolls report to determine the next move, as another increase in yields would keep precious metals under pressure, while softer labour data could draw buyers back into the market.

All price data is from 01.09.2026 as of 17:30

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