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DAILY BASE METALS REPORT

Energy Risk Keeps Yields Elevated

Summary

- US equities recovered on AI strength, but yields near 4.8% limited the rebound.
- Aluminium and nickel rallied on renewed supply risks, while copper, zinc and tin weakened.
- Gold and silver bounced on softer ADP, but high yields kept the recovery fragile.

Macro

US stocks rebounded after Tuesday's decline, with the Dow and S&P 500 edging higher as strength in AI-related names helped offset renewed US-Iran tensions. The Nasdaq remained broadly flat, while elevated Treasury yields continued to limit the wider recovery.

DXY initially climbed above 99.8, but the softer-than-expected ADP report prevented the move from gaining traction. The dollar then fell towards 99.5 after the US equity open as risk appetite improved and investors unwound part of the earlier defensive positioning. However, the US 10-year yield remained close to 4.8%, showing that renewed energy-driven inflation concerns continue to limit any broader dovish repricing.

US-Iran tensions escalated after fresh US strikes prompted retaliation from Tehran, pushing oil higher and reviving concerns over the Strait of Hormuz. We expect markets to remain sensitive to Friday's payrolls report, but persistent geopolitical and energy risks could keep yields elevated even if labour data soften.

Base Metals

Base metals diverged sharply, with cheaper, supply-sensitive aluminium and nickel outperforming as renewed Middle East tensions and threatened production cutbacks brought supply risk back into focus. Aluminium rallied to around \$3,283/t, while nickel jumped to \$16,905/t. Both moves improved the near-term tone, although further gains will depend on whether the supply threats become more concrete.

The previously stronger and more macro-sensitive metals weakened as the dollar and US yields remained elevated. Copper declined to around \$14,235/t, zinc fell to \$3,870/t and tin slipped to \$54,200/t, while lead approached \$1,900/t.

Overall, today's price action points to rotation towards cheaper metals with greater supply exposure, while copper and zinc could remain under pressure unless tight physical conditions regain influence over outright prices.

Precious Metals

Precious metals rebounded after the softer ADP print prompted some short-covering. Gold rose to \$4,370/oz

after briefly approaching \$4,400/oz, while silver increased to around \$64.9/oz after testing \$65.5/oz. However, both metals faded from their intraday highs as the US 10-year yield remained close to 4.8%, limiting the benefit from DXY's reversal towards 99.5.

The recovery remains fragile. Renewed US-Iran escalation is feeding through to higher oil and inflation expectations, strengthening the case for restrictive Fed policy and outweighing part of the traditional safe-haven benefit. Gold needs to reclaim \$4,400/oz and silver \$65.5/oz to rebuild momentum. Until then, we expect Friday's payrolls report to determine whether today's recovery develops further or proves to be another temporary bounce.

All price data is from 02.09.2026 as of 17:30

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