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DAILY BASE METALS REPORT

Records Break, Macro Risks Build

Summary

- Euro strength pushed DXY below 99.0 after Eurozone GDP was revised higher.
- Copper reached a record \$14,533/t, while severe zinc tightness supported a move towards \$4,000/t.
- Gold and silver consolidated as expectations of prolonged restrictive US rates limited upside.

Macro

US markets were closed for Labour Day, leaving European data and metals flows to set the tone. DXY fell below 99.0 as the euro strengthened after Eurozone Q2 GDP growth was revised up to 0.6% QoQ from 0.4%. However, much of the improvement reflected a large contribution from Ireland, leaving the underlying growth signal less convincing.

Attention now turns to Thursday's ECB meeting and Friday's US CPI. An ECB hike is largely priced in, leaving guidance as the more important driver for the euro, while US CPI near the expected 3.4% would keep the Fed decision finely balanced. We still favour no further Fed hike, but an upside inflation surprise could push Treasury yields higher and restore support for the dollar.

Base Metals

Copper reached a record high of \$14,533/t before easing slightly, with higher volumes and systematic buying reinforcing the breakout. The cash-to-three-month backwardation narrowed to around \$75/t, but nearby availability remains tight. We see scope for further gains if copper holds above \$14,400/t, although the speed of the move leaves prices vulnerable to profit-taking if the dollar recovers after US CPI.

Zinc approached \$4,000/t as its cash-to-three-month backwardation widened again to around \$168/t. The combination of stronger outright prices and a wider backwardation provides a more convincing tightness signal than in copper. Aluminium also advanced towards \$3,320/t, while its modest \$1/t backwardation points to a broadly balanced nearby market.

Lead fell below \$1,905/t and nickel slipped beneath \$16,800/t, continuing to lag the complex.

We expect copper and zinc to remain the strongest markets in the near term, supported by systematic flows and tight spreads respectively. However, an upside US CPI surprise or a hawkish ECB response to inflation could tighten financial conditions and test the sustainability of the rally.

Precious Metals

Gold traded within a narrow range, finding support around \$4,380/oz but struggling to clear \$4,420/oz.

Expectations of another Fed hike continue to restrict demand, although the weaker dollar is cushioning the downside. We expect gold to remain rangebound until US CPI provides a clearer rates signal, with a break above \$4,420/oz needed to rebuild momentum.

Silver briefly rose above \$66.50/oz before settling above \$66.30/oz. The firmer close leaves silver marginally better positioned than gold, but a sustained break above \$66.50/oz is needed to confirm another leg higher. A hotter CPI print would leave both metals exposed through higher yields, while softer inflation could weaken hike expectations and bring buyers back into the market.

All price data is from 07.09.2026 as of 17:30

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