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DAILY BASE METALS REPORT

Copper Leads as Oil Fuels Inflation Risk

Summary

- Higher oil and yields pressured equities ahead of US inflation data.
- Copper extended its record rally towards \$14,800/t, while aluminium, zinc, tin and nickel also advanced.
- Silver outperformed gold, although elevated yields limited precious-metals gains.

Macro

US stocks opened lower as Brent moved above \$100/bbl and the US 10-year yield approached 4.85%, its highest level since October 2023. Renewed US-Iran hostilities, including strikes on Iranian tankers and an Iranian missile attack on a US warship, intensified concerns over Gulf supply and pushed Brent above \$100/bbl and WTI above \$95/bbl. DXY remained rangebound between 98.6 and 98.9, with the energy shock lifting inflation expectations without providing the dollar with a clear directional catalyst.

The combination of resilient US employment and higher oil is keeping expectations of restrictive Fed policy in place. We still do not expect another hike, but Thursday's PPI and Friday's CPI will be crucial. Stronger inflation prints could keep the 10-year yield close to 4.85% and extend pressure on equities, while softer data may deliver only limited relief unless oil also retreats.

Base Metals

Base metals traded mostly higher despite the rise in US yields. Copper extended its record-breaking rally, reaching around \$14,779/t after holding above \$14,600/t through the morning. The cash-to-three-month backwardation narrowed to approximately \$35/t, suggesting prompt pressure is easing even as the outright price continues to climb. With reported LME and COMEX net length declining, the strength is not fully explained by conventional positioning. Large December options exposure may be generating additional hedging demand as copper approaches higher strikes, although traders remain uncertain about the dominant driver. We expect liquidity to remain fragile and price moves increasingly abrupt.

Aluminium rose to around \$3,361/t and finished close to its session high, while zinc advanced above \$4,050/t. Zinc's cash-to-three-month backwardation narrowed to around \$118/t but remains pronounced, confirming continued nearby tightness. Tin recovered strongly to approximately \$55,330/t after falling below \$54,700/t earlier in the session, while nickel rose towards \$16,925/t. Lead was the only metal to decline, trading near \$1,911/t after an earlier recovery faded.

We see the overall tone remaining constructive, led by copper and zinc, but the speed of copper's rise and the continued narrowing in backwardation reduce the confirmation from nearby fundamentals. A sustained hold above \$14,700/t could keep systematic and options-related buying active, although a stronger US inflation print

could trigger a sharper correction through higher yields and reduced liquidity.

Precious Metals

Gold approached \$4,430/oz before falling below \$4,400/oz as the 10-year yield moved towards 4.85%. The reversal shows that safe-haven demand from the US-Iran escalation is being offset by the rising opportunity cost of holding gold. We expect the metal to remain sensitive to US inflation data, with a sustained recovery above \$4,430/oz needed to rebuild momentum.

Silver briefly moved above \$68/oz, its strongest level since late August, before giving back some gains and holding above \$67/oz. Its relative resilience suggests stronger buying interest than in gold, although elevated yields leave the move exposed to profit-taking. We expect a softer PPI or CPI print to support another test of \$68/oz, while persistent inflation and yields near 4.85% could bring the \$66.50/oz area back into focus.

All price data is from 09.09.2026 as of 17:30

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