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DAILY BASE METALS REPORT

Fed Relief Lifts Equities, Metals Diverge

Summary

- Equities rebounded as oil and bond yields eased, despite the Fed signalling another possible hike.
- Copper and aluminium advanced, while high stocks continued to weigh on nickel.
- Gold and silver remained under pressure as tighter US policy constrained investor demand.

Macro

US equities rebounded from Wednesday's post-Fed sell-off, led by technology and consumer discretionary stocks, as lower oil and Treasury yields provided some relief. The Fed raised rates by 25bp to 3.75–4.00% and signalled that another increase could follow this year, but markets took some reassurance from its firmer response to inflation. The BoE subsequently held Bank Rate at 3.75% while retaining a tightening bias.

Oil eased as Saudi Arabia prepared to restore part of its East-West pipeline capacity, offering an alternative export route to the Strait of Hormuz. We expect Iran-related supply risks to keep the energy inflation premium elevated, but any sustained fall in crude could help stabilise bonds and equities. Attention now turns to the BoJ, where a rate increase could strengthen the yen and tighten global financial conditions further.

Base Metals

Base metals were mixed to firmer. Copper traded around \$14,400/t, supported by improved risk appetite, although LME inventories rose to approximately 255,900 tonnes. We see the higher stock position limiting the influence of nearby tightness, with copper needing to hold above \$14,400/t to keep the recovery in place. A renewed rise in global yields could bring \$14,300/t back into focus.

Aluminium traded around \$3,285/t, with cash metal retaining a modest premium over the three-month price. Zinc held near \$3,860/t, while its considerably higher cash price continued to indicate tight prompt availability. We expect this backwardation to cushion zinc on pullbacks, but a recovery above \$3,900/t is needed to rebuild outright momentum.

Lead strengthened towards \$1,900/t as exchange inventories declined, while tin traded around \$53,100/t against very low visible stocks. Nickel remained the weakest part of the complex near \$16,350/t, with LME inventories close to 278,800 tonnes limiting the case for a sustained recovery. We expect copper and aluminium to benefit if the post-Fed improvement in risk appetite holds, but the BoJ decision presents a near-term risk through the yen, dollar and global yields.

Precious Metals

Gold fell towards \$4,272/oz after trading within a wide \$4,235–4,368/oz range, while silver eased towards

\$63.25/oz after failing to hold an earlier move towards \$65/oz. The Fed's rate increase and indication of further tightening outweighed support from lower oil and geopolitical uncertainty.

We see gold needing to reclaim \$4,300–4,330/oz to stabilise, while silver needs to recover above \$64–65/oz to confirm renewed buying interest.

All price data is from 17.09.2026 as of 17:30

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