



Authors

Daria Efanova
Head of Research

Viktoria Kuszak
Senior Research Analyst

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DAILY BASE METALS REPORT

Oil Slide Lifts Risk Appetite

Summary

- Risk appetite improved as oil prices weakened, boosting equities.
- Copper continued to recover on momentum, though subdued volume and volatility suggest participation remains limited.
- Oil sold off on renewed Middle East de-escalation hopes, while gold and silver held broadly steady.

Macro

US equities rallied at the open today as oil prices fell sharply, helping risk appetite recover and bringing some optimism back into the market. The S&P 500 reached the 7,700 level, last seen earlier this month, with gains in chipmakers supporting sentiment. Meanwhile, US and Chinese officials offered upbeat assessments of their talks on AI, trade and investment ahead of this week's summit, further boosting confidence. As a result, the dollar index remained resilient, holding above the 100 threshold at 100.36, while the 10-year US Treasury yield hovered around 4.96%.

This week's calendar is relatively light, with PMIs unlikely to be major standalone drivers. However, Fed speakers could still add macro noise and skew flows, particularly around the future path of interest rates. Markets have already priced in as much as 31bps of hikes by year-end, reflecting a hawkish bias; in our opinion, even if a more dovish tone comes through from officials, markets may be reluctant to price it in fully. In the meantime, we expect oil prices and broader geopolitical sentiment to remain the main drivers of momentum this week.

Base Metals

A mixed performance was seen across the base metals complex, with price action increasingly dislocated from broader macro drivers. Copper continued to grind higher to \$14,663/t, recouping most of the decline triggered when doubts around US tariffs first emerged. Nearby spreads have also tightened back into backwardation, providing some physical support to the move. However, both volume and volatility have remained relatively subdued during the recovery, suggesting that the advance is being driven more by persistent momentum than by a broad increase in participation.

With the dollar having had little influence on recent price action, we see the near-term path for copper as increasingly momentum-led. This leaves scope for another push towards \$14,750/t, where the previous sell-off originated and where participants may become more cautious about chasing the market higher. A clean break above this level would strengthen the case for continued upside, while another failure around the area could encourage profit-taking after the recent recovery.

Zinc, which usually tracks copper, softened today but held around \$3,936/t. Aluminium and nickel remained

choppy, posting moderate moves during the session to \$3,275/t and \$16,360/t, respectively.

Precious Metals

Oil prices sold off on renewed promises of diplomatic efforts to end the war in the Middle East, prompting WTI and Brent to fall by more than 3% to \$95/bbl and \$100/bbl, respectively. The move points to greater confidence in a de-escalation scenario, although not enough to suggest full conviction in the outcome.

Precious metals held steady, with gold and silver at \$4,347/oz and \$66/oz, respectively.

All price data is from 21.09.2026 as of 17:30

Risk warning

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