Metals Dashboard

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Scarcity Meets Macro Resistance

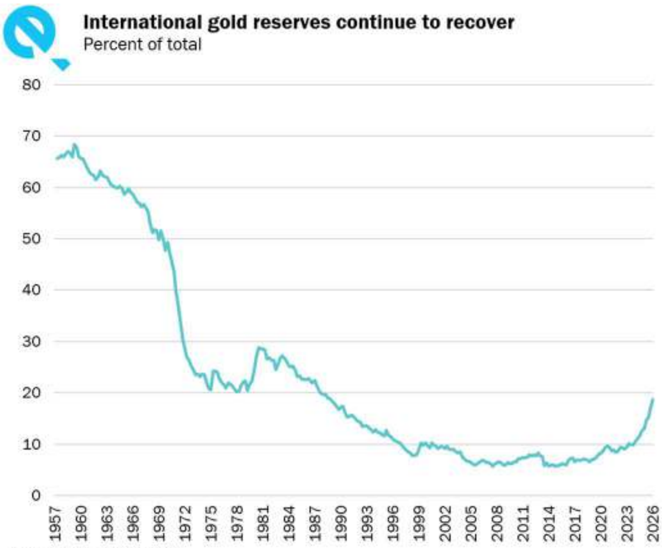
BASELINE VIEW - PRECIOUS METALS: Precious metals should remain supported by geopolitical uncertainty, central-bank diversification and constrained PGM supply. However, elevated US yields and persistent inflation will limit gold's near-term upside. Platinum is preferred to palladium, given tighter fundamentals, while palladium remains vulnerable to longer-term automotive electrification.

BASELINE VIEW—INDUSTRIAL METALS: Base metals should retain a firm but increasingly selective tone. Copper and aluminium benefit from tight inventories, tariff-related trade distortions and structural supply constraints, although current valuations invite volatility. Zinc can remain elevated while Western smelters struggle, but rising Chinese production and weak construction demand cap its medium-term upside.

Precious Metals

Spot Benchmark prices

	Latest	1m ago	6m ago	12m ago	12m avg
Gold	4116.61	4190.43	4594.79	3338.58	4269.66
Silver	59.3713	65.1775	89.9392	38.115	63.5882
Palladium	1306.25	1265.4	1799.75	1280	1436.6
Platinum	1647.56	1678.7	2328.1	1458	1800.35
Iridium	7840	7340	5840	4440	5978.55
Rhodium	8190	7990	10090	5765	8752.12



Source: LSEG, ETM Analytics

Gold and Silver

Gold has recovered back to over $4100/oz following a drop below $4000/oz earlier this month as technical buying and renewed safe-haven demand offset a stronger dollar and rising bond yields. The rebound follows a volatile period in which the Iran conflict initially supported bullion but subsequently drove oil and inflation expectations higher, strengthening the case for restrictive US monetary policy. The resulting rise in real and nominal yields has outweighed gold's traditional inflation-hedging appeal and pulled prices well below January's record near $5,595/oz. Nevertheless, $4,000/oz is emerging as an important technical support area. Markets currently assign about a 67% probability to a September Fed rate increase, leaving gold highly sensitive to energy prices, inflation releases and diplomatic developments.

The medium-term outlook remains constructive, although earlier forecasts have moderated. JPMorgan now expects $4,300/oz in Q3 and $4,500 in Q4, sharply below its previous $6,000 year-end projection, with risks skewed lower if the Fed tightens sooner. This is more cautious than April's Reuters analyst poll, which produced a $4,916 average forecast for 2026. Continued central-bank diversification, concerns over US debt and institutional demand provide structural support, but the timing of renewed upside will depend on lower real yields or easing geopolitical energy risks.

ETM View: Gold should remain supported above $4,000/oz, but persistent inflation and hawkish Fed pricing constrain immediate upside. A gradual recovery towards $4,300–$4,500 is plausible later in 2026 if energy pressures subside, while renewed rate-hike expectations remain the principal downside risk.

Platinum and Palladium

PGMs have stabilised after recent losses, with platinum rising above $1,650/oz and palladium to near $1,310. Both remain exposed to the same stronger-dollar and higher-yield environment affecting gold, but their physical fundamentals differ materially. Platinum continues to benefit from constrained South African production, limited investment in new mines and elevated labour, power and geological costs. Producers remain reluctant to approve major projects without evidence that higher prices will persist, limiting the prospect of a rapid supply response. Palladium's position is less secure because its demand is more concentrated in petrol autocatalysts, although slower electric-vehicle penetration and continued hybrid and internal-combustion vehicle sales are delaying the expected decline.

Platinum retains the stronger relative outlook. JPMorgan expects it to reach approximately $1,800 by end-2026 and $1,950 by end-2027, supported by South African supply constraints. Palladium is forecast at $1,350 at year-end before averaging around $1,300 in 2027. Palladium could nevertheless benefit from substitution as platinum's premium encourages manufacturers to reconsider catalyst loadings, while proposed new uses in China's fibreglass industry offer an additional demand channel. These factors may cushion palladium, but they do not remove the longer-term threat posed by vehicle electrification.

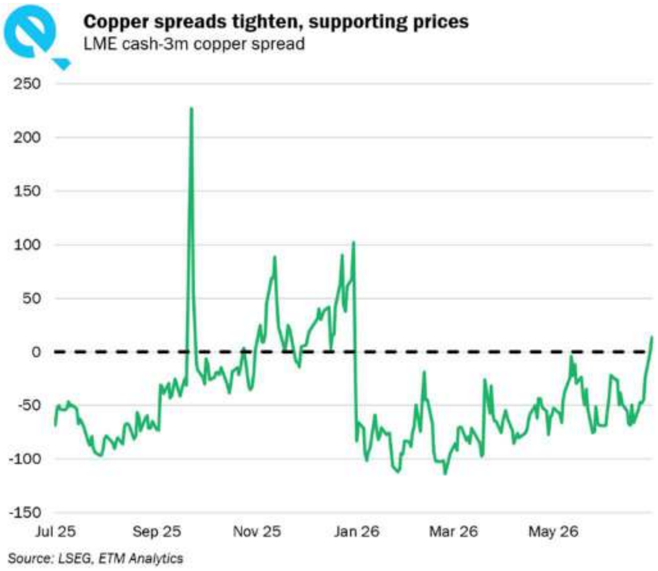
ETM View: Platinum is preferred within PGMs, with supply discipline and constrained South African investment supporting a move towards $1,800. Palladium may recover towards $1,350, but its rallies are likely to remain more tactical because electrification continues to erode its longer-term automotive demand outlook.

Industrial Metals

Industrial Metals	3m LME Benchmark prices				
	Latest	1m ago	6m ago	12m ago	12m avg
Copper	13874	13270	12965.5	9919.5	12010.5
Tin	54115	50383	49258	33908	44185.1
Lead	1879	1912.5	2060.5	2011	1978.53
Zinc	3584.5	3434.5	3221.5	2860	3196.31
Aluminium	3184	3164.5	3158.5	2658.5	3069.81
Nickel	17125	16824	18133	15528	16594.2
Aluminium Alloy	3200	3510	2509	2509	2764.27
NA Aluminium Alloy	2750	2750	2400	2400	2465.55

	Spot vs 3m difference				
	Current	Δ Month	12m Min	12m max	12m avg
Copper	13.49	55.91	-113.47	226.78	-42.3048
Tin	-303.53	70.47	-425	185	-99.1777
Lead	-43.66	-10.06	-51.98	22.55	-34.0001
Zinc	27.5	20.52	-48.17	338.74	23.6985
Aluminium	10.52	21.82	-47.69	104.56	6.69721
Nickel	-215	-39.81	-234.4	-143.68	-197.813
Aluminium Alloy	0	0	0	0	0
NA Aluminium Alloy	0	0	0	0	0

	Stockpiles at LME Warehouses in tonnes				
	Current	Δ Month	12m Min	12m max	12m avg
Copper	284175	-52300	124775	402625	235049
Tin	7350	-1250	1630	9025	5655.39
Lead	449325	151875	202200	456575	265633
Zinc	107650	-13650	33825	124550	87246
Aluminium	276775	-29950	276775	558050	444999
Nickel	272040	-4278	203922	289506	259956
Aluminium Alloy	1500	0	1500	1520	1500.24
NA Aluminium Alloy	120	0	120	220	149.291



Copper

Copper remains the strongest industrial-metal market. Benchmark LME copper has climbed back toward $13885 per ton as China's refined imports reached a nine-month high and domestic smelter maintenance restricted local supply. The Yangshan import premium climbed to a 14-month high of $100/ton, while Shanghai Futures Exchange inventories fell more than 80% from mid-March to 79,909 ton. LME stocks have declined 24% since late May to 295,275 ton, with 56% already earmarked for withdrawal. Expected US import tariffs have redirected metal towards the US, tightening availability in China and other non-US markets and pushing nearby LME contracts into backwardation.

The structural case remains underpinned by grid investment, electrification, data centres and slow mine-supply growth. However, valuation is demanding. Copper has traded largely between $13,000 and $14,000 since mid-May, while February's Reuters poll produced a median 2026 average forecast of $11,975 and a highest forecast of $13,250. Current pricing therefore already discounts considerable future scarcity. Near-term tight inventories and continued US stockpiling could drive another test of January's $14,150 record, particularly if mine disruptions intensify. Conversely, weaker Chinese construction, tariff clarification or physical demand destruction at high prices could trigger a meaningful correction.

ETM View: Copper's physical market remains tight, supporting the prevailing $13,000–$14,000 range and leaving the January record within reach. However, prices exceed most annual forecasts, making the market increasingly vulnerable to Chinese demand weakness, tariff changes or industrial substitution.

Aluminium

LME aluminium currently sits below April's four-year high of $3,672 but still elevated by the Middle East supply shock. Gulf smelters represent roughly 7 million ton, or 9% of global supply, and disruptions to alumina shipments and finished-metal exports through the Strait of Hormuz have exposed the limited buffers available elsewhere. Mercuria estimated a minimum 2-million-ton global deficit for 2026 compared with around 1.5 million tons of visible inventory. China cannot easily fill the gap because primary production is approaching the government's 45-million-ton annual capacity ceiling.

High prices and regional premiums are encouraging restarts in the US and Europe, including planned 75,000-ton potlines at New Madrid and Slovalco. However, these additions are small relative to the potential shortfall and face high electricity, carbon and restart costs. Citi's $3,600 short-term target and $4,000 bull case remain achievable if Gulf disruptions persist, although they were issued during the initial escalation. A diplomatic settlement and normalisation of alumina and metal shipments would unwind more of the war premium. Even then, limited Western capacity and China's output constraint should keep the market structurally firmer than before the conflict

ETM View: Aluminium has a firm structural floor near recent $3,100 levels. Persistent Gulf disruption could return prices towards $3,600, with $4,000 representing an escalation scenario. The principal downside catalyst is restored Middle Eastern shipping, although limited spare capacity should restrict the correction.

Zinc

Zinc has been 2026's surprise base-metal outperformer. LME three-month metal reached a near four-year high of $3,658/ton in June and remains elevated. This strength contradicts earlier expectations for a large refined-market surplus. Operational disruptions at Glencore's Kazzinc smelter in Kazakhstan and Nexa's Cajamarquilla facility in Peru affected plants with combined annual capacity of roughly 600,000 tons. The International Lead and Zinc Study Group consequently revised its 2026 balance from a previously expected 271,000-ton surplus to a 19,000-ton deficit. Combined registered and off-warrant LME stocks stood at only 156,000 tons in May, leaving the Western market highly sensitive to further supply interruptions.

The rally has already exceeded analyst expectations. January's poll forecast an average Q2 price of $3,041.50, with even the most bullish estimate at $3,318. The outlook now depends on whether higher mine production can be converted into refined metal. Chinese smelter output is expected to rise, and increased exports could eventually relieve Western tightness. However, weak treatment charges, constrained Western refining capacity and continuing operational problems limit the speed of rebalancing. Zinc could retest $3,658 if outages persist, but improving Chinese exports and weak global construction demand would encourage a retreat towards the previous forecast zone around $3,300. China's property downturn remains the key demand risk because galvanised steel accounts for more than half of global zinc consumption.

ETM View: Zinc should remain firm while Western smelter capacity is constrained, with another test of $3,658 possible. Upside is less durable than copper or aluminium, however, as recovering Chinese production, potential exports and weak construction demand could pull prices back towards $3,300.

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ETM Analytics (Pty) Ltd:
Tel: +27 11 875 8556
Web: www.etmanalytics.com
Physical Address:
Block 5, Killarney
Fourways Golf Park, Roos Street
Fourways, Johannesburg
South Africa, 2055

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