First Read

Daily Commodities Note

Gold falls as Fed delivers hawkish hike

Prices: Iron Ore 61% cfr N China +0.4%% $95.00/dmt; HCC PLV -0.3% $282.00/t; Thermal Coal NEWC unch $148.56/t; GFEX Li -3.2% RMB127,460/t; Spodumene -1.7% $1,785/t; Cu +1.2% $6.46/lb; Al +0.8% $1.49/lb; Ni +1.1% $7.33/lb; Au -0.8% $4,260/oz; Brent -2.7% $105.53/bbl; WTI -2.9% $92.60/bbl

Bulks: Iron Ore up slightly as investors look to possible stimulus following weak economic data.

Base Metals: Copper higher with signs of active demand in China, and restocking activity following recent dip.

Precious Metals: Gold lower after Fed hikes interest rates, and flagged further increases in coming months.

Oil: Brent lower as Saudi Arabia offers more loadings of crude oil via Oman.

Resources Headlines

Chile's state-owned miner Codelco says restructuring plan may be delayed until end of 2026...

MMG hit with EU antitrust warning over nickel deal with Anglo American...

Radiant World seeks $2 billion from Glencore in lawsuit...

Bahrain's Alba says producing aluminium at 80% of pre-Iran war level...

Economic Headlines

Fed hikes rates in search of 'timelier' drop in inflation, sees more tightening ahead...

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Global

Basic Materials

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Key UBS Research

Minerals 260 Funding milestone achieved with $450m in royalty + equity; Retain Buy rating. A well-timed, second royalty deal and equity raise sees MI6 ~2/3 funded for the Stage 1, 5Mtpa Bullabulling project in WA. We view the second, $170m royalty with Franco Nevada (FNV) as marginally value-accretive, with the post tax NPV on the royalty ~$120m, or around 2cps benefit on our gold price deck, volume assumptions and 6% base case discount rate, and appears an accretive funding source for gold prices below US$5,000/oz (below ~US$4,450/oz on a flat 200kozpa for 20y scenario - Figure 1NPV of 2nd royalty - price and volume scenarios). The implication here is that FNV, the largest royalty company in the world, would need to see upside to volumes, prices, or both in order to generate a return on its investment. The subsequently released details on the equity raise of $280m at 88c ($250m placement and $30m SPP to come which we assume is fully subscribed) was a net positive, and the main driver of our 8% PT increase. While earlier than we had expected, it has been achieved with zero discount, materially reducing dilution. Only work on the debt side remains to get the project up and running from a funding perspective, with the company noting non-binding term sheets received in excess of the $300m required, with hedging unlikely to be required, and could provide additional flexibility around project staging. We remain positive on MI6 and maintain a Buy rating on the stock. Link to note. Source: UBS.

Wheaton Precious Metals Corp - Continued upside to 1.2moz GEO's by 2030. WPM hosted its 2026 Investor Day including presentations on key assets while reiterating that the 1.2mozpa GEO target by 2030 remains conservative and underpinned by only reserves of current assets within the portfolio. WPM also flagged reaching ~1.5mozpa GEO's over the next decade is not unrealistic if several existing assets continue to expand beyond current mine plans. In addition, management provided greater detail around the composition of future growth and the protections embedded within WPM's streaming agreements, two areas that have historically been difficult for investors to fully quantify. Link to note. Source: UBS.

NAC Kazatomprom JSC - Feedback from management roadshow. We hosted the Kazatomprom management & IR team on a well-attended global roadshow over the last weeks. Investor discussions revolved around: 1) contracting activities, and the divergent behaviours between Western vs Eastern utilities; 2) sulphuric acid availability & affordability, and potential impacts on near-term production; 3) long-term supply / production intentions and exploration optionality; and 4) durability of the current price upcycle, and further catalysts. Link to note. Source: UBS.

Mining Expert Calls - #2 China Infrastructure/renewables. Infrastructure 'stimulus' has been a key offset to the down-cycle in the China property sector over the last 5yrs, has this run its course? Whilst our outlook for infrastructure FAI and grid/renewables capex had been broadly constructive/bullish at the beginning of the year (note), the clear deceleration in 2Q activities points to downside risk to our full-year growth expectations. However, incremental policy support and catch-up of investment orders should support a sequential recovery in FAI growth/grid and renewables capex in 4Q26. Looking ahead, our China analysts are conservative on the medium-term outlook for 'traditional' infrastructure project given the well-developed base & diminishing returns on incremental projects; we expect commodities demand in steel- and cement-intensive sectors e.g. transportation to stagnate. We continue to expect sustained growth in grid capex (2026-30E CAGR 11%) and renewables generation (solar broadly flat, wind +4%) over the medium term, supporting resilient demand growth for copper/aluminium. Link to note. Source: UBS.

US Economic Perspectives - Hawkish words back hawkish hike. Chairman Warsh's press conference comments laid out a clearer retrospective of the decisions and communications since he arrived, and built upon the principles at Jackson Hole. He said more than once that financial conditions are not restrictive. He said that the 0.25 pp rate hike today removed only "a dose of accommodation" more than once. Link to note. Source: UBS.

News sources: Reuters, Bloomberg, Platts, AFR, Australian Mining, TradeTech, etc.

Figure 1: Overnight Commodity Moves

Commodity	Last Price	Change	Unit	% change	% MTD	% YTD
BULK COMMODITIES						
Iron Ore	95.00	+0.35	US$/dmt	+0.4%	-4.6%	-10.0%
China Iron Ore Futures	749.50	+42.00	CNY/t	+5.9%	+3.2%	-1.6%
Metallurgical Coal	282.00	-0.80	US$/t	-0.3%	+4.4%	+29.4%
BASE METALS						
Copper	6.46	+0.08	US$/lb	+1.2%	-0.2%	+14.3%
Aluminium	1.49	+0.01	US$/lb	+0.8%	-0.2%	+8.6%
Nickel	7.33	+0.08	US$/lb	+1.1%	-3.1%	-4.0%
Zinc	1.73	-0.01	US$/lb	-0.4%	-2.9%	+21.9%
PRECIOUS METALS						
Gold	4,260.20	-32.49	US$/oz	-0.8%	-1.6%	-1.6%
Silver	62.88	-0.77	US$/oz	-1.2%	-2.1%	-13.4%
Platinum	1,751.70	-24.12	US$/oz	-1.4%	+0.7%	-18.3%
Palladium	1,272.50	-17.25	US$/oz	-1.3%	-2.9%	-22.3%
ENERGY						
Thermal Coal	148.56	+0.00	US$/t	+0.0%	+8.4%	+40.5%
Uranium	89.90	+0.00	US$/lb	+0.0%	+0.4%	+9.8%
Brent Oil	105.53	-2.95	US$/bbl	-2.7%	+10.9%	+73.6%
WTI	92.60	-2.77	US$/bbl	-2.9%	+8.8%	+62.5%
JKM	27.22	+2.02	US$/mmbtu	+8.0%	+15.3%	+180.7%
STRATEGIC MINERALS						
Lithium Carbonate	17,100.00	+100.00	US$/t	+0.6%	-12.3%	+25.7%
Lithium Hydroxide	16,100.00	+100.00	US$/t	+0.6%	-18.7%	+29.8%
Spodumene 6%	1,785.00	-30.00	US$/t	-1.7%	-22.9%	+13.3%
NdPr Oxide	96.20	-0.19	US$/kg ex VAT	-0.2%	-0.1%	+24.7%
FX						
AUD-USD	0.71	-0.00		-0.6%	-0.8%	+5.9%
USD-CNY	6.71	-0.01		-0.1%	-0.2%	-4.1%
USD-BRL	5.16	+0.00		+0.1%	+0.0%	-4.9%
USD-ZAR	16.39	+0.15		+0.9%	+1.4%	-0.6%
USD-CLP	953.92	-1.80		-0.2%	+1.9%	+5.4%

Source: Reuters

Valuation Method and Risk Statement

We point out to investors the potential risks inherent in the mining sector that affect investments in the sector, including, but not limited to, the volatile nature of commodity prices and currencies, which may differ materially from expectations. Furthermore, the sector is exposed to political, financial and operational risks, each of which has the potential to significantly impact company/industry performance. Our valuations for the mining sector are derived using a DCF methodology or combined DCF and EV/EBITDA.

Minerals 260:
Our investment view on MI6 is subject to a range of upside and downside risks inherent in the resource sector which includes, but is not limited to, movement of commodity price and currency which may differ materially from the assumptions used in this report. Furthermore the sector is subject to political, financial and operational risks, each of which has the potential to significantly impact industry performance. Our price target is derived using a DCF methodology with a 6% discount rate. MI6 faces specific risk as it develops its Bullabulling project from an exploration asset to a producing gold mine. Further, the current gold pricing environment presents elevated risks to the upside and downside, with recent volatility reflective of gold as a speculative asset. MI6 does not currently have full funding required for its project and so will require additional debt/equity in order to reach its stated aspirations.

