



Monday, June 23, 2025

Base metal prices experienced heightened volatility influenced by a blend of geopolitical tensions, macroeconomic developments, and supply-side dynamics. The price of copper fluctuated in response to intensifying Middle East conflict, mixed economic signals from China, and investor anticipation ahead of monetary policy. Aluminium prices also saw revived upside momentum, supported by declining inventories and growing Chinese appetite for Russian aluminium imports. On the other hand, a slight recovery in dollar index capped any further gains.

Geopolitical Tensions & Market Sentiment

Copper prices began the week on a weak note, primarily due to the rapid escalation of geopolitical risks in the Middle East. A significant trigger was Israel's preemptive strike on Iran's nuclear infrastructure, followed swiftly by retaliatory drone attacks from Tehran. This confrontation intensified fears of a prolonged regional conflict, prompting a risk-off sentiment in global markets. Investor confidence weakened as the potential for disruption to energy supplies and trade routes raised broader concerns about inflation and global economic stability.

Compounding the geopolitical anxiety were statements from US President Donald Trump, who reiterated threats of unilateral tariffs aimed at pressuring trade partners. This move further clouded the global demand outlook, particularly for industrial metals like copper, which are highly sensitive to global trade dynamics. Over the weekend, US airstrikes on three Iranian nuclear facilities marked a major escalation as the US joined Israel in its ongoing conflict with Iran.

Commodity	Copper	Aluminum	Zinc
Open	876	244.95	253.35
Close	880.4	246.50	253.30
Change	4.50	4.40	2.20
% Change	0.51%	1.82%	0.88%
Open Int.	2406	1972	1363
Change	-2903	-1641	-1033
Pivot	878.8	245.7	252.9
Resistance	885.4	247.8	254.1
Support	873.8	244.4	252.1

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	107325	202950	351200	130225
Close	99200	205140	342850	126225
Change	-8125	2190	-8350	-4000
% Change	-7.57%	1.08%	-2.38%	-3.07%

China's Mixed Economic Indicators

China presented a mixed economic picture during the week. On the one hand, retail sales in May rose by 6.4% YoY, outperforming market expectations of 5% growth and exceeding April's 5.1% increase. This suggests that consumer spending remained resilient despite broader economic concerns. However, industrial output growth slowed to 5.8% in May from 6.1% in April, indicating a potential cooling in manufacturing activity—a key driver of copper demand.

Additionally, fixed-asset investment increased by 3.7% YoY through May, falling short of the projected 3.9% and down from the 4% growth seen in the first four months of the year. These figures contributed to a subdued outlook for China's industrial sector, reinforcing worries about weakening domestic demand. The trend of Chinese smelters focusing more on exports also hinted at oversupply and sluggish consumption within domestic markets.

Central Bank Decisions

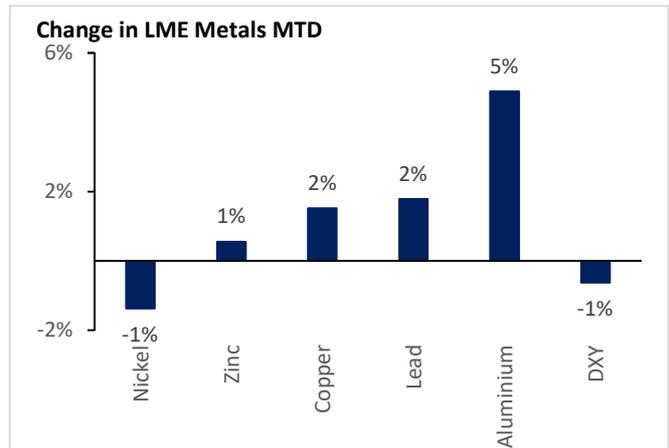
Markets remained fixated on central bank decisions, especially the US Federal Reserve's monetary policy stance. As anticipated, the Fed held interest rates steady, reflecting its cautious approach amid ongoing inflationary pressures linked in part to the rise in energy prices due to Middle East tensions. Although borrowing costs remained unchanged, forward guidance suggesting a potential easing in 2025 helped anchor market expectations, even as the US dollar index rose against major currencies, putting additional pressure on base metal prices.

People's Bank of China maintained its key lending rates at record lows during the June fixing. This followed a previous rate cut aimed at softening the blow from US tariffs and included recent deposit rate reductions by major Chinese banks. These measures reflect Beijing's ongoing efforts to support economic growth amid external pressures.

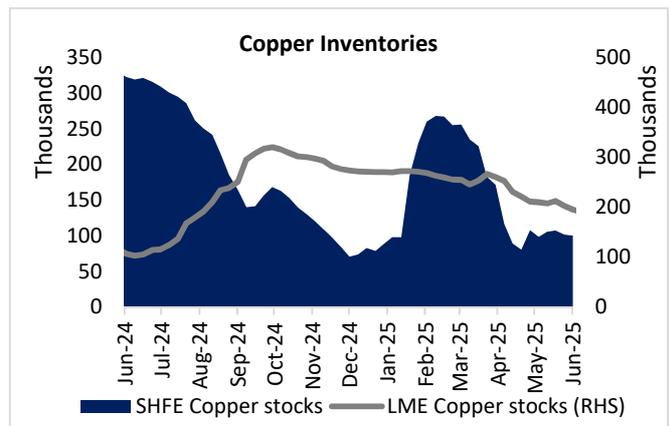
Supply Side Support

While demand-side concerns weighed heavily on copper prices, supply-side constraints offered some support. Inventories in LME warehouses continued to shrink, with total stockpiles dropping to lowest level since May 2024 and down ~60% since March.

Aluminum markets, meanwhile, saw upward momentum as traders assessed manufacturing demand prospects and evaluated supply risks, particularly relating to bauxite from Guinea. Tensions between the Guinean government and Emirates Global Aluminum raised questions about the continuity of mining licenses, threatening supply chains and supporting prices.



Source: Reuters



Source: Reuters

Russian aluminium remains in demand, particularly in China. While Western countries have largely avoided Russian aluminium since the war in Ukraine began in 2022, China has become a major buyer. In 2021, China imported 291,000 tons of Russian primary aluminium. That number rose to 1.13 million tons by 2024. From January to April 2025 alone, imports increased another 48% YoY to 741,000 tons. This shift shows that while the West is distancing itself from Russian supply, China is absorbing the surplus. As a result, Russian producers continue to operate and sell their aluminium—just outside the reach of Western financial and exchange systems like the LME.

The Strait of Hormuz is a strategically critical maritime chokepoint located between the Persian Gulf and the Gulf of Oman. While it is best known for being the main route for the transport of crude oil and liquefied natural gas (LNG), the movement of bauxite and alumina through the Strait is also relevant to the global aluminum supply chain, though to a lesser extent.

Although the Strait of Hormuz is not a major export route for global bauxite, alumina and aluminum might transit through the Strait under certain conditions:

- UAE and Bahrain: These Gulf states have aluminum smelters (like Emirates Global Aluminium and Aluminium Bahrain) that import bauxite and export alumina/aluminum. These products transit through the Strait of Hormuz
- Imports: Bauxite imported from countries like Guinea or Australia to Gulf smelters would typically be shipped through the Strait of Hormuz
- Exports: Finished alumina or aluminum ingots are exported to global markets via the same route
- The closure or disruption of the Strait (due to geopolitical tensions, particularly involving Iran) could impact the aluminum supply chain, especially from Gulf countries
- While oil and gas are the most vulnerable commodities in this context, aluminum exports and bauxite imports are also at risk if the Strait is blocked

Outlook

Market participants remained cautious, closely monitoring the Israel-Iran conflict. Going forward, prices are likely to remain sensitive to macroeconomic signals, developments in global trade policy, and evolving geopolitical risks. Copper and aluminium prices may see upward momentum supported by supply side tightening along with pressure on shipping and freight cost changes due to the ongoing Iran-Israel war posing stress on major shipping routes. Although, a slight recovery in dollar index may keep gains capped and investors remain on edge for further clarity.

Copper:

Over the past week, MCX Copper posted a mildly positive performance, rising by 0.65%. Despite the ongoing consolidation, the price action maintains a bullish structure, marked by a series of higher highs and higher lows. Technical indicators further reinforce the positive outlook—prices are trading above the Ichimoku Cloud's Tenkan-sen (conversion line) and Kijun-sen (base line), indicating sustained upward momentum. Additionally, the Relative Strength Index (RSI) remains above the 50 level, suggesting consistent buying interest. Key support levels are located at ₹878 and ₹872, while resistance is seen at ₹900 and ₹915. As long as the current momentum holds, the bullish bias is likely to persist.

Zinc:

Over the past week, MCX Zinc GAINED by approximately ₹3.10, or 1.20%. On the daily chart, the price remains in a consolidation zone, fluctuating around the 21-day Exponential Moving Average (EMA). The 14-period Relative Strength Index (RSI) has turned down from the 50 mark, suggesting emerging selling pressure. The immediate trading range is established between ₹247 and ₹258. A breakout from this range could determine the next directional move. A close below ₹247 may lead to further weakness towards ₹243, whereas a breakout above ₹258 could pave the way for an advance towards ₹263.

Aluminium:

Over the past week, MCX Aluminium ended on a strong note, rising by ₹4.45 or 1.83%. On the daily chart, the metal has broken out of a downward-sloping trend line and is now forming a pattern of higher highs and higher lows—signaling a strengthening bullish trend. Prices are trading above the 21-day Exponential Moving Average (EMA), reinforcing the positive bias. In the current setup, a "buy-on-dips" approach remains favorable. Immediate resistance levels are seen at ₹255 and ₹260. The bullish outlook is expected to hold as long as the price sustains above ₹242; a close below this level may indicate a potential shift in trend.



Navneet Damani**Research-Head**navneetdamani@motilaloswal.com**For any details contact:**

Commodities Advisory Desk - +91 22 3958 3600
commoditiesresearch@motilaloswal.com

Commodity Disclosure & Disclaimer:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRIL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

Terms & Conditions:

- This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.
- This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
- This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal.
- It is for the general information of clients of MOFSL. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.
- The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL.
- The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
- All such information and opinions are subject to change without notice.
- Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
- We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.
- Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
- The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance.
- Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
- Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.
- Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject commodity for which Research Team have expressed their views.
- MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
- A graph of daily closing prices of commodities is available at <http://www.moneyline.co.in/>
- Opinions expressed are our current opinions as of the date appearing on this material only. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.
- The commodities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.
- This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.
- The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the commodities mentioned in this document.
- The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
- The commodities described herein may or may not be eligible for trade in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, and any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
- Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.
- MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions. However the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the commodities mentioned in the research report.
- MOFSL and its associates and Research Analyst have not received any compensation or other benefits in connection with the research report. Compensation of Research Analysts is not based on any brokerage transactions generated by broking activities under Motilal Oswal group.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products. Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.