



Monday, July 21, 2025

Base metals traded with heightened volatility through the week, as global trade tensions escalated and economic signals from China remained mixed. Copper struggled under the weight of rising inventories and looming U.S. tariffs, but found some support late in the week from encouraging macro data and policy signals. Aluminium showed relative resilience on supply concerns.

The biggest trigger came from the U.S., where President Donald Trump announced a steep 50% tariff on copper imports effective August 1. The move was aimed at reviving domestic production but raised immediate concerns over trade flows, given that the U.S. still produces barely half the refined copper it consumes. Trump also threatened 30% duties on products from Mexico and the European Union and signaled a 19% tariff on Indonesian goods.

Chinese macroeconomic data brought a mixed picture. The economy grew 5.2% year-on-year in the second quarter, slightly slower than the 5.4% pace of the previous two quarters. Fixed asset investment rose just 2.8% in the first half of the year, undershooting estimates of 3.6% and highlighting ongoing weakness in the property sector. However, industrial production surprised positively at 6.8%, lending some support to base metals demand expectations. Meanwhile, China's trade surplus widened significantly to USD 114.77 billion in June, beating forecasts as exports rose 5.8% while imports inched up only 1.1%.

The U.S. macro backdrop also turned more supportive. Retail sales grew 0.6% in June after a weak May, while jobless claims eased, signaling that the labor market remains solid.

Commodity	Copper	Aluminum	Zinc
Open	883.3	249.1	258.8
Close	891.85	252.40	265.25
Change	8.30	2.65	6.65
% Change	0.94%	1.06%	2.57%
Open Int.	4569	2340	2930
Change	-2689	-929	297
Pivot	889.2	251.3	263.2
Resistance	895.2	253.6	267.6
Support	885.9	250.1	260.8

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	109625	206580	405550	113400
Close	122175	207576	430700	119100
Change	12550	996	25150	5700
% Change	11.45%	0.48%	6.20%	5.03%

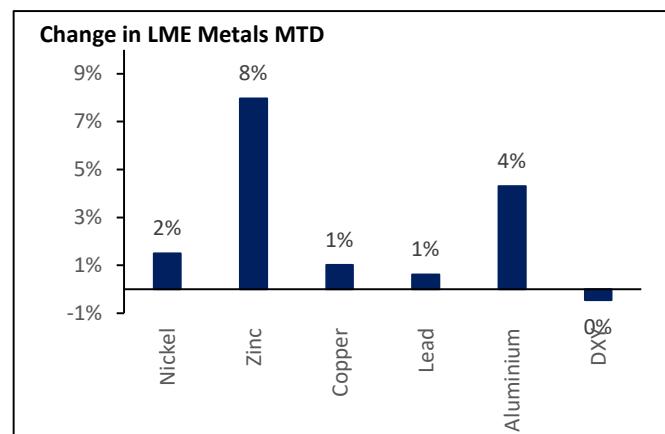
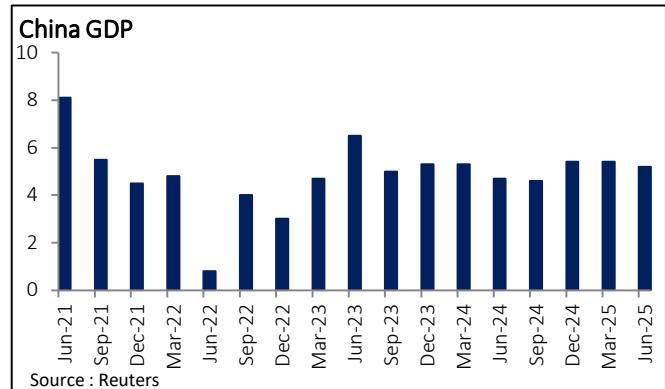
The stronger economic data boosted expectations of sustained U.S. copper demand even as it reduced the likelihood of near-term interest rate cuts.

Aluminium delivered better gains MoM than copper, gaining modestly on supply-side concerns. China's annual production cap of 45 million tons, imposed to meet carbon reduction goals, is expected to tighten supply. At the same time, European demand for defense goods is anticipated to rise as the EU builds capacity amid geopolitical tensions, while Russian supplies remain constrained by sanctions. Short covering also lent support to aluminium prices after a period of weakness.

Metals gained support from after China's Industry Ministry announced plans to stabilize key industrial sectors including machinery, autos, and electrical equipment. The ministry promised action to improve premium supply capacity, promote quality upgrades, and phase out outdated production capacity. These pledges raised hopes of targeted stimulus that could support metals consumption in the second half of the year.

The People's Bank of China kept its key lending rates unchanged at record lows, maintaining a supportive stance for the economy in line with market expectations. The one-year Loan Prime Rate stayed at 3.45%, while the five-year rate, remained at 3.95%. The move reflects Beijing's cautious approach, balancing the need to stimulate growth with efforts to prevent excess financial risks. Attention now shifts to the upcoming Politburo meeting scheduled later this month, where policymakers are expected to review second-quarter economic performance and discuss potential stimulus measures.

Looking ahead, the market will watch for more updates from the U.S. on copper tariffs and any retaliation from China, the EU, or Mexico that could escalate trade tensions. Chinese stimulus plans will be key, as new support measures could lift metals demand. LME inventory trends will also signal whether physical demand is stabilizing. Aluminium may witness further upside momentum due to tighter supply and stronger demand prospects. Volatility is likely to increase as the August 1 tariff deadline approaches.



Source: Reuters

Technical Outlook:

Copper:

MCX copper gain positive closing by 1.02 percent in last week, which is 9.00 rupees, copper is trading into a symmetrical triangle pattern and is about to break out of triangle pattern is trading close to the immediate resistance zone 910-921 levels, whereas immediate support is placed at 880-870 levels for the counter. The metal is trading above mid-point of RSI, which is a sign of strength in the counter, and may portend further buying in the counter. Towards the next resistance levels. Likewise, a sustained break below support zone will negate the view.



Aluminium:

MCX aluminium gain positive closing by 0.84 percent in last week, which is 2.10 rupees. The metal weekly chart shows a strong bounce from the ₹235 support, breaking above the falling trendline and currently trading near ₹253. The breakout above ₹248 confirms bullish momentum, supported by the rising 9-EMA. Key resistance lies at ₹262, with potential for further upside toward ₹270 on a breakout. RSI above 50 with a bullish crossover indicates strengthening momentum. Overall, bias remains positive as long as price holds above ₹248.



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

Commodities Advisory Desk - +91 22 3958 3600

commoditiesresearch@motilaloswal.com

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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

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