Monday, July 28, 2025

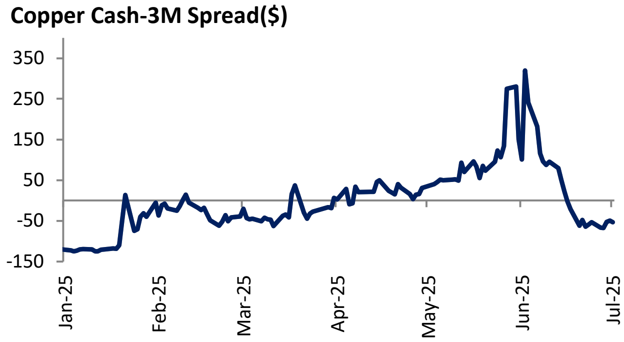
Commodity	Copper	Aluminum	Zinc
Open	892.5	254.35	269.2
Close	889.2	253.35	266.85
Change	-2.65	0.95	1.60
% Change	-0.30%	0.38%	0.60%
Open Int.	1501	1006	1446
Change	-3068	-1334	-1484
Pivot	890.9	254.0	267.8
Resistance	893.1	255.0	269.6
Support	887.0	252.4	265.1

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	122075	207876	434425	118225
Close	128475	203922	450825	115775
Change	6400	-3954	16400	-2450
% Change	5.24%	-1.90%	3.78%	-2.07%

Base metal prices ended the week on a firmer note, supported by a combination of policy assurances from China, encouraging U.S. economic data, and easing concerns around near-term supply constraints. Market sentiment improved after China's Ministry of Industry and Information Technology committed to stabilising key industrial sectors including machinery, automobiles, and electrical equipment. The government outlined plans to support premium supply development and eliminate outdated production capacities, which traders viewed as a sign of longer-term structural support for industrial demand. Focus remained on trade talks between US and China as market participants looked for more clarifications.

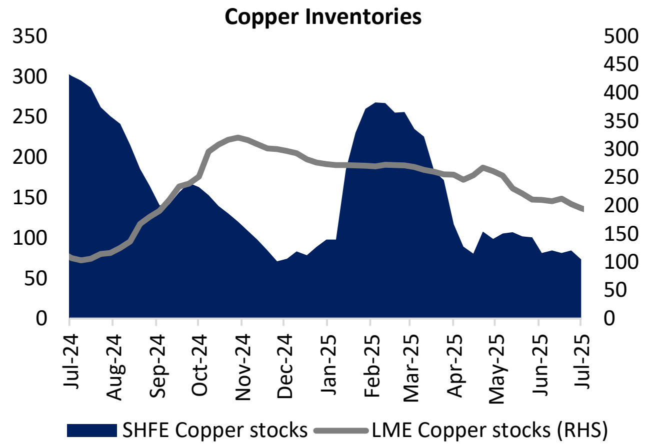
The People's Bank of China maintained its key lending rates at record lows, with the one-year Loan Prime Rate at 3.45% and the five-year rate at 3.95%. This confirmed the central bank's accommodative stance as it attempts to balance economic growth with financial stability. Markets now shift attention to the upcoming Politburo meeting where second-quarter economic performance will be reviewed and further stimulus measures may be discussed. Any strong policy signal from this meeting could provide the next leg of momentum for base metals.

In the United States, solid economic data improved sentiment around industrial metal demand. Manufacturing activity showed resilience, which offered support to copper and aluminium. The market also saw a shift in the cash-3-month spread from a steep backwardation in Mid-June to almost $300 to a contango of $45-60 in July, reflecting easing tightness. Copper came under some pressure as traders accelerated shipments to U.S. ports ahead of an expected 50% tariff, effective August 1. At least four ships carrying copper are trying to reach US ports before August to get ahead of planned import tariffs on the metal. The shipments represent the final scramble by merchants to cash in on a lucrative arbitrage trade that has upended the global copper market since US President Donald Trump first floated the idea of copper tariffs. The urgency to secure imports increased in the past two weeks after Trump announced the levy would be 50% starting Aug. 1.



Source: Reuters

Aluminium prices continued to rise modestly. The gains were driven by expectations of tighter supply from China, which remains committed to its annual production cap of 45 million tonnes to meet its carbon goals. European demand is also expected to rise amid renewed defence production efforts, particularly as Russian metal exports face increasing sanctions. Chinese aluminium alloy ingot market remained stable in mid-July supported by solid exports and strong automotive demand. The Chinese automotive sector is maintaining its strong demand for aluminium alloy ingots throughout July. Data from the China Association of Automobile Manufacturers reveals that in the first half of 2025, both automobile production and sales in China surpassed 15 million units for the first time. This substantial volume, alongside a remarkable 40% year-on-year increase in new energy vehicle production and sales, is sustaining the requirement for aluminium alloy ingots.



Source: Reuters

Zinc also saw positive momentum during the week. The latest data from the International Lead and Zinc Study Group showed that the global zinc market flipped into a deficit of 44,100 metric tonnes in May, compared to a surplus of 17,300 tonnes in April. While the first five months of 2025 still reflect a cumulative surplus, it is notably narrower than the same period last year. This tightening backdrop has started to attract renewed buying interest. In the latest weekly update of China's SHFE warehouse inventories, copper saw a sharp decline of 11,133 tonnes, down 13.17%, while zinc saw a build up of 4789 tonnes which was a 8.77% increase, aluminium also rose by 6968 tonnes which was a 6.4% increase.

Global trade developments added another layer of complexity. Senior U.S. and Chinese trade officials are set to meet in Stockholm to discuss an extension to their tariff truce. The initial agreement, struck in June, avoided escalating trade penalties but expires on August 12.

These meetings are closely watched, especially as uncertainty persists over which copper products may fall under the upcoming U.S. 50% tariff. President Trump also hinted at a potential visit to China, raising hopes for a broader diplomatic breakthrough. U.S. concluded a trade deal with Japan that reduces tariffs on Japanese imports to 15%, including autos. Trump also announced a wide-ranging agreement with the EU that includes major purchases of U.S. energy and military goods, although reports suggested lingering disagreements over whether metals are covered under the deal.

Looking ahead, metal prices remain supported with a positive bias as market participants watch out for China's policy direction and outcomes from the Politburo meeting. On the other hand, rising inventories and a rebound in dollar index may keep further upside capped. At the same time, traders will keep a close eye on how tariff negotiations evolve over the coming days, especially the fate of copper-related tariffs and their broader impact on global supply chains.

Technical Outlook:

Copper:

MCX Copper traded on a flat note in the previous week, lacking any decisive move in either direction. Over the past few months, the metal has been consolidating within a narrow range of ₹908 to ₹877, forming a symmetrical triangle pattern on the chart. Prices are currently hovering near the upper end of this consolidation band. A breakout above ₹908 or a breakdown below ₹877 will be crucial in determining the next directional move. Until then, the broader bias remains sideways to slightly positive, with support levels seen near ₹878 and ₹860, and resistance placed at ₹907 and ₹920. A close beyond this range could open the door for a trending move in the coming weeks

Zinc:

MCX Zinc posted a weekly gain of 0.98% in the previous week, marking its third consecutive week of positive closing. Prices have recently broken out of a falling channel pattern, signaling a potential shift in trend from bearish to bullish. The breakout above the channel has improved the short-term outlook. Immediate resistance is seen near ₹272, followed by ₹280. On the downside, support lies at ₹262 and ₹256. The overall trend now appears positive, buy on dips near ₹262 is suggested, keeping the broader breakout structure in view.

Aluminium:

MCX Aluminium traded flat in the previous week but maintained its bullish structure, extending its positive streak to eight consecutive weeks. The price action remains well-supported within a rising channel pattern, indicating sustained upward momentum. Prices are currently hovering near the resistance zone of ₹257–₹260, while immediate support is placed at ₹248, followed by ₹243. The overall bias continues to remain positive, and any dip toward ₹248 could offer a fresh buying opportunity in line with the ongoing uptrend. A breakout above ₹260 may open the path toward the next resistance at ₹268.

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