Monday, August 11, 2025

Base metals had a mixed momentum last week dominated by a mix of macroeconomic signals, shifting supply dynamics, and geopolitical developments. Copper prices posted a solid weekly gain, underpinned by supply concerns and a weaker US dollar, while zinc prices rebounded from earlier weakness as inventories tightened and sentiment improved.

Commodity	Copper	Aluminum	Zinc
Open	882.8	253.35	268.7
Close	889.3	254.15	270.10
Change	9.60	4.55	8.10
% Change	1.09%	1.82%	3.09%
Open Int.	6375	4088	3161
Change	-256	-261	-97
Pivot	886.8	254.1	269.6
Resistance	892.2	255.1	271.0
Support	883.9	253.2	268.7

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	139575	209082	463725	97000
Close	155850	212232	470575	81500
Change	16275	3150	6850	-15500
% Change	11.66%	1.51%	1.48%	-15.98%

Copper prices were volatile, but ultimately ended higher for the week, with several key drivers in play. Weaker-than-expected US jobs data and a contracting ISM Manufacturing PMI increased the likelihood of Federal Reserve interest rate cuts in September and December. The dollar index fell from recent highs, supporting dollar-denominated metal prices. Political developments also weighed on the greenback, including President Trump's dismissal of a top labour official and the temporary appointment of a dovish Fed Governor, fuelling speculation of leadership changes at the central bank.

Supply disruptions played a central role in copper's price gains. A deadly tunnel collapse at Chile's El Teniente mine which is responsible for over 20% of Codelco's output, halted underground operations. Six workers were killed in the incident, and the duration of the shutdown remains unclear. The mine supplies nearly a month's worth of ore to Chinese copper smelters, raising fears of tighter concentrate availability in an already congested market. Market fears about supply risks subdued after Codelco requested approval from Chile's mining regulator to restart a portion of the mine.

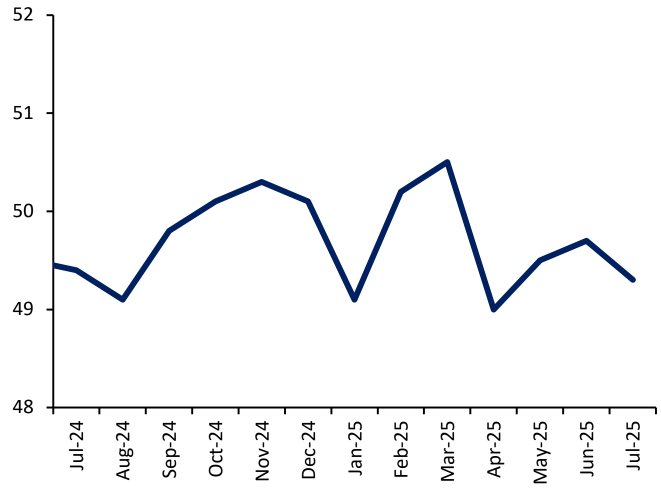
China's refined copper output is expected to reach a record high in 2025, as its smelting sector successfully secures feedstock despite a global ore shortage that is forcing some overseas competitors to close. July trade data showed copper imports up 3.4% MoM and copper concentrate imports up 9%, underscoring strong refinery demand. Exports also exceeded expectations, as manufacturers accelerated shipments ahead of tariff uncertainties.

Sentiment received an additional boost from Beijing's announcement of a CNY 1.2 trillion hydroelectric power plant project over the next decade. The plan is expected to lift steel demand and, by extension, zinc demand due to galvanization in construction, while also reinforcing optimism for long-term copper consumption in infrastructure. Meanwhile, President Trump's decision to exempt refined copper from the new 50% tariff provided further relief to traders concerned about trade frictions. This exemption, combined with the Chilean supply issues, created a supportive backdrop for prices. By the end of the week, copper had posted a gain of over one percent, its strongest weekly performance in several weeks.

Zinc prices started the week under pressure after China's July manufacturing PMI fell to 49.3, marking the fourth consecutive month of contraction. The data signalled slowing momentum from earlier export-driven growth ahead of the US tariff deadline. Concerns over weakening demand weighed on sentiment, with inventories on the Shanghai Futures Exchange rising 4% from the previous Friday. As the week progressed, zinc found support from a notable tightening in LME inventories. A strong concentration of fund activity by major players, along with heightened expectations for macroeconomic interest rate cuts, helped halt the decline. Later in the week, LME stocks fell further, dropping below 90,000 metric tons and eventually under 85,000 metric tons, while poor weather in South China hindered supply and major global producers cut back. These factors drove zinc prices 3% higher WoW, reversing early losses.

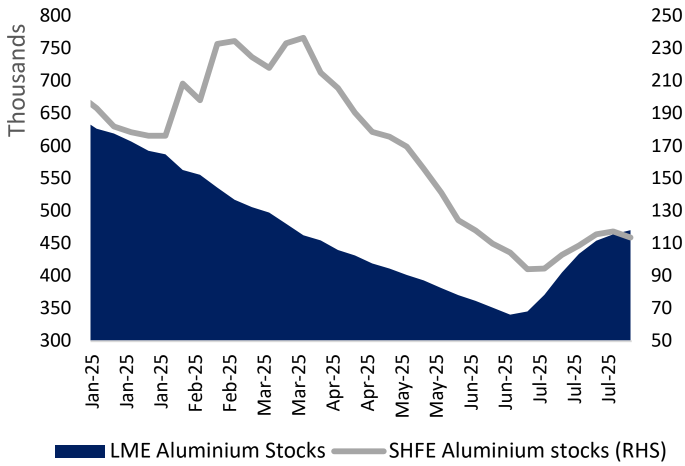
Aluminium prices rose but further gains were capped. Reciprocal tariffs between the US and its trading partners took effect. US also imposed a tariff hike on India, while India and Russia signed an agreement to deepen cooperation in aluminium, which added a subtle layer of risk aversion among market participants. Expectations of US Fed rate cuts provided some macro support but were outweighed by soft fundamentals. Primary aluminium production held steady to slightly higher, while seasonal demand remained sluggish, with slowing growth in home appliances and photovoltaics and a drop in some export orders. Inventory trends sent a mixed signal. On the SHFE, aluminium futures stocks stood at 113,614 metric tons down 3% from the previous week, although over the past month inventories have rose by 20%. LME aluminium inventories recorded 470,575 metric tons up by 1.5% WoW and up 28% MoM. These steady-to-rising inventories, combined with sluggish downstream demand, kept a lid on prices despite the supportive macro backdrop from interest rate expectations.

China Manufacturing PMI



Source: Reuters

Aluminum LME and SHFE Stocks



Source: Reuters

Outlook:

Global supply chain uncertainty, especially for copper and zinc, remains a key factor and could continue to trade higher. For aluminium- Rising inventories, despite supportive macro signals from potential US rate cuts, may continue to cap upside in prices. On the macro side, upcoming US inflation data and any additional signals from the Federal Reserve will be important to watch for. In China, infrastructure spending and stimulus measures will be closely watched to gauge demand potential for the remainder of the third quarter.

Technical Outlook:

Copper:

In the previous week, MCX Copper gained around ₹10, or a little over 1%, while continuing to trade within a broader consolidation range of ₹905 to ₹870. The price action remains confined within this zone, suggesting a phase of indecision as traders await a clear breakout for directional clarity. A move above ₹905 could trigger fresh upside momentum towards ₹920 and beyond, whereas a breakdown below ₹870 may open the door for further declines towards ₹860. Until then, the commodity is expected to witness range-bound moves with a mixed bias

Zinc:

In the previous week, MCX Zinc rallied by more than ₹8, marking a gain of over 3% and delivering a strong bullish breakout from the long-standing falling channel pattern on the daily chart. The breakout above the channel resistance around ₹272 has opened room for further upside, with the next target seen near ₹285. Momentum indicators are supporting the bullish move, suggesting buying interest on every minor dip. On the downside, immediate support is placed at ₹260, followed by a stronger base near ₹254. Sustaining above ₹272 will keep the upward bias intact, paving the way towards higher resistances in the coming sessions.

MCX Aluminium

In the previous week, MCX Aluminium posted a gain of more than ₹4, closing around 1.80% higher. Prices continued to trade within the well-defined rising channel pattern visible on the daily chart, indicating that the broader trend remains intact. The metal has been consolidating above the immediate support zone near ₹251, which coincides with the lower short-term pivot support (S2). The overall view stays sideways to positive, with buying on dips strategy favored as long as the price sustains above ₹251. On the upside, immediate resistance is placed near ₹257, followed by a major hurdle at ₹268, which is also the upper bound of the rising channel.

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 CCRL 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://onlinereports.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:

1. 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.
2. This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
3. 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.
4. 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.
5. 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.
6. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
7. All such information and opinions are subject to change without notice.
8. 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.
9. 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.
10. Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
11. 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.
12. Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
13. 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.
14. 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.
15. MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
16. A graph of daily closing prices of commodities is available at http://www.moneyline.co.in/
17. 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.
18. 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.
19. 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.
20. The Company reserves the right to make modifications and alternations 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.
21. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
22. 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, not 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, 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.
23. 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.
24. 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.
25. MOFSL and it's 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 dpgrievances@motilaloswal.com.