Monday, August 25, 2025

During the past week, base metals remained pressured- influenced by weak Chinese economic indicators, U.S. trade policy developments, and global monetary policy expectations. While copper prices showed pressure from softer demand signals, zinc remained relatively resilient, and aluminium faced persistent headwinds from new inclusions in tariffs and rising supply. Market sentiment was broadly cautious, with investors closely monitoring macroeconomic signals and awaiting policy cues from both US and China. Physical buyers and producers stayed on the sidelines ahead of Fed Chair Powell's much-anticipated speech at the Jackson Hole symposium.

Commodity	Copper	Aluminum	Zinc
Open	877.45	249.1	264.85
Close	880.55	251.55	267.00
Change	-6.85	-3.35	-3.65
% Change	-0.77%	-1.31%	-1.35%
Open Int.	2291	1783	1215
Change	-2801	-2020	-1715
Pivot	879.1	250.8	266.3
Resistance	882.6	252.5	268.3
Support	877.1	249.8	265.0

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	155600	210414	479525	75850
Close	155975	209748	478725	68075
Change	375	-666	-800	-7775
% Change	0.24%	-0.32%	-0.17%	-10.25%

Copper prices were largely steady early in the week, supported by a weaker dollar and hopes that China might introduce additional stimulus measures to revive its slowing economy. However, this optimism was counterbalanced by disappointing Chinese economic data. New Home Prices fell -0.31% m/m, extending declines from the property sector. Industrial Production slowed to 5.7% y/y (vs 6.0% forecast, 6.8% prior), while Retail Sales disappointed at 3.7% y/y against expectations of 4.6%. Similarly, Fixed Asset Investment weakened to 1.6% ytd/y (below 2.7% forecast, 2.8% prior), and the Unemployment Rate ticked up to 5.2%, reflecting stress across households, businesses, and the labor market. Adding to the cautious outlook, the People's Bank of China (PBoC) left its Loan Prime Rates unchanged on August 20, with the 1-year at 3.00% and the 5-year at 3.50%, in line with expectations. The decision suggests policymakers remain reluctant to deliver aggressive monetary easing, despite rising downside risks to growth.

On the supply side, Chinese refined copper output fell to 1.27 million tons in July, down from a record 1.3 million tons in June, as China ramped up efforts to curb industrial overcapacity. This slight dip in production provided some support, but overall sentiment remained weak. According to the International Copper Study Group

(ICSG), the refined copper market showed a 36,000-ton surplus in June, compared to 79,000-ton surplus in May. For the first half of the year, the market surplus stood at 251,000 tons, lower than the 395,000 tons recorded in the same period last year.

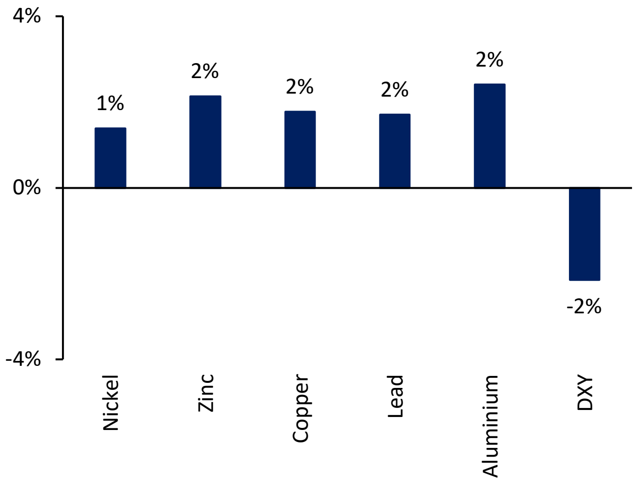
As the week ended, copper prices steadied, with markets consolidating ahead of Powell's address. Positive data from US helped cap losses, with August US business activity expanding at its fastest pace in months, supported by a surge in manufacturing orders. Additionally, eurozone manufacturing expanded for the first time in more than three years, offering a modestly brighter demand outlook. Still, macroeconomic uncertainty and the weak Chinese consumption pattern remained key downside risks.

Aluminium prices continued to face persistent downward pressure throughout the week. A key drag came from U.S. trade policy, as the Trump administration expanded its 50% tariff regime on steel and aluminium to include 407 additional categories of derivative products. The expanded list includes a wide range of goods, from wind turbines to appliances. This decision further weighed on market sentiment and pressured prices in both Shanghai and London.

Supply dynamics also pressured aluminium. Data showed that Chinese production in July rose 0.6% year-on-year to 3.78 million tons. The combination of expanding output and tariff-related trade disruptions kept aluminium prices on a downward trajectory, with little indication of a near-term reversal.

Zinc fared relatively better. Early in the week, prices were buoyed by improved China export data, with July shipments exceeding expectations. A tightening global supply picture provided further support, as London Metal Exchange (LME) zinc stockpiles fell to their lowest level in two years. Market participants noted that shipments by major trader Trafigura to the United States were likely aimed at fulfilling obligations of its subsidiary Nyrstar, which faces a temporary smelter shut down for maintenance. Although zinc prices encountered mild pressure from a stronger U.S. dollar and cautious fund activity later in the week, they remained comparatively firm relative to copper and aluminium.

Weekly update on China's SHFE warehouse data shows notable changes across metals. Copper stocks declined by 4,663 tonnes, down 5.40%, while aluminum inventories rose by 3,952 tonnes, an increase of 3.28%. Zinc also saw a buildup, adding 1,035 tonnes or 1.35%, although inventories remained at two-year low near 70000 tonnes.



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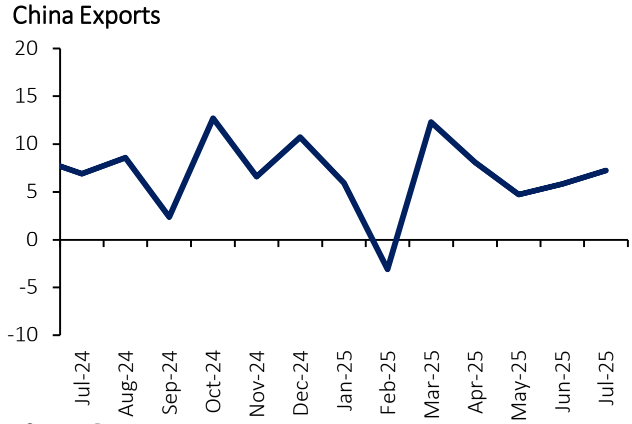

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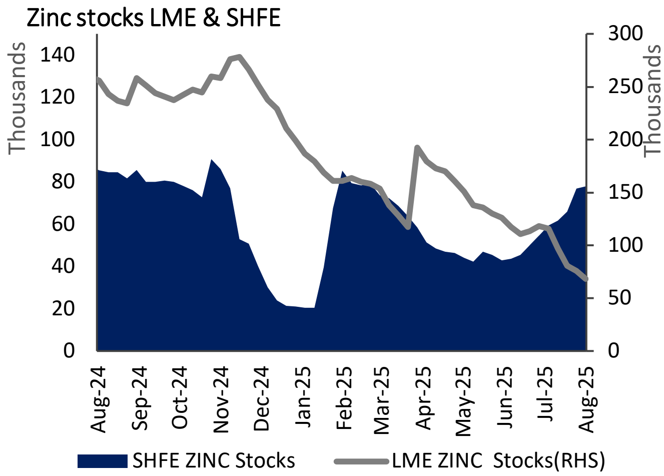

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Outlook:

Looking ahead, copper prices are likely to face pressure from weak demand cues and cautious investor sentiment, though a weakening dollar index and continuous decline in inventories may keep prices in a broad range. Zinc, on the other hand, could continue to show relative strength due to tightening inventories and supply disruptions, although gains may be capped by broader risk-off sentiment and dollar strength.

Technical Outlook:

Copper:

MCX copper gave negative closing by 0.79 percent in last week, which is 7.05 rupees .The Copper daily chart is trading within a rising channel pattern, reflecting an overall bullish undertone in the medium term. The price recently took support around the ₹872–₹860 zone, which also aligns with the S1 and S2 levels, and is now attempting a rebound towards the higher levels. Immediate resistance is placed at ₹888 (R1), and a decisive move above this could extend the rally towards ₹902 (R2) and the channel's upper band. On the momentum front, the RSI is gradually recovering from lower levels but still remains below the midline, suggesting cautious optimism. As long as prices hold above the ₹872 support, the trend bias remains positive, while a breach below ₹860 while negate view and further downside pressure towards the lower boundary of the channel.

Zinc:

MCX Zinc gave negative closing by 1.24 percent in last week, which is 3.35 rupees. The Zinc daily chart indicates a breakout from the long-term falling channel, signaling a shift in momentum from bearish to neutral-to-bullish. The price has successfully moved above the channel resistance and is consolidating near ₹268.40. On the upside, immediate resistance is placed at ₹272 (R1), followed by ₹278 (R2), while support is seen at ₹263 (S1) and ₹257 (S2). Sustaining above the breakout zone keeps the bias positive, with higher targets likely on strength above ₹272 and ₹276. The RSI is holding above the 50 mark, suggesting steady momentum with scope for further upside. However, a close below ₹263 may weaken the structure and invite a retest of lower supports.

MCX Aluminium:

MCX aluminium gave negative close by 1.08 percent in last week, which is 2.75 rupees, The MCX Aluminium daily chart is trending within a well-established ascending channel, highlighting a sustained bullish structure. After testing support near the lower band of the channel around ₹250 (S1), the price has bounced back and is currently trading near ₹253.45. On the upside, immediate resistance lies at ₹256 (R1), and a breakout above this level could drive further gains towards ₹260 (R2) in alignment with the channel's upper boundary. The RSI indicator is recovering from lower levels and is inching upwards, suggesting improving momentum and the possibility of renewed buying strength. As long as prices sustain above ₹250, the bias remains positive, while a breach below ₹246 (S2) may weaken the current uptrend and trigger a corrective move.

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