



Monday, September 08, 2025

Copper prices remained in focus, driven by a combination of improving demand signals, supply concerns, and shifting expectations around U.S. monetary policy. Prices climbed to a five-month high, largely on prospects of U.S. Federal Reserve interest rate cuts and positive economic indicators from China, while supply-side constraints supported the bullish sentiment. Zinc prices also rose following tightening scenario, while aluminium prices lagged.

Copper prices rose steadily throughout the week, buoyed by several key factors. First, the RatingDog China Manufacturing PMI increased to 50.5 in August 2025, surpassing both July's figure and the market consensus of 49.5. This marked the second consecutive rise in output over the past three months, driven by higher new orders and increased purchasing activity. Additionally, the China General Services PMI expanded to 53.0 in August, compared to 52.6 in July, highlighting continued strength in the service sector.

Supply pressures were heightened by government measures curbing scrap metal recycling activities. New regulations already led to plant closures, while forecasts pointed to a decline in refined copper production, particularly in Jiangxi and northern China. In addition, maintenance shutdowns and scrap copper shortages further reduced supply in key regions.

U.S. dollar index weakened amid growing expectations that the Federal Reserve would cut interest rates at its September 16–17 meeting. Moreover, the non-farm payroll data for August showed a significant slowdown in job growth, alongside a rise in the unemployment rate to a near four-year high. These indicators heightened fears of slowing U.S. economic growth and reinforced expectations of an easing Fed policy.

Commodity	Copper	Aluminum	Zinc
Open	901.95	253.4	274.05
Close	897.05	253.95	274.85
Change	5.80	1.05	7.65
% Change	0.65%	0.42%	2.86%
Open Int.	6087	3984	3623
Change	-528	42	679
Pivot	900.4	254.3	275.1
Resistance	904.4	255.2	276.4
Support	893.1	253.1	273.5

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	158875	209844	481050	55875
Close	157950	215418	484675	54050
Change	-925	5574	3625	-1825
% Change	-0.58%	2.66%	0.75%	-3.27%

However, profit-taking periodically pushed prices lower, particularly when copper hit the psychological \$10,000 per ton level. Still, the overall trend remained upward due to underlying supply-demand imbalances and continued fund investments into copper. Harmony Gold, South Africa's largest gold miner, confirmed plans to expand into the copper sector by acquiring Australian miner Mac Copper. This strategic move, following Harmony's earlier purchase of the Eva Copper project in 2022, reflects an industry-wide recognition of copper's pivotal role in the global transition to cleaner energy technologies, such as electric vehicles and renewable power infrastructure. Investment in copper production rose noticeably as mining companies aimed to meet the growing long-term demand tied to decarbonization trends.

Zinc prices remained supported this week, mainly due to continued deficit data and the cash-3M structure flipping into backwardation. Data from ILZSG showed global zinc market deficit fell to 27,200 metric tons in June from a deficit of 31,400 tons in May. Despite some slight pullbacks from profit-booking, zinc held firm in the face of expanding China PMI figures and anticipation of rate cuts. Previously in contango, zinc market is now showing signs of a structural shift, pointing to tighter near-term supplies.. Over the last three months, Zinc Cash-3M Spread showed a notable shift. The spread, which had hovered near zero or slightly negative for several months prior, began to rise steadily, moving into positive territory currently.

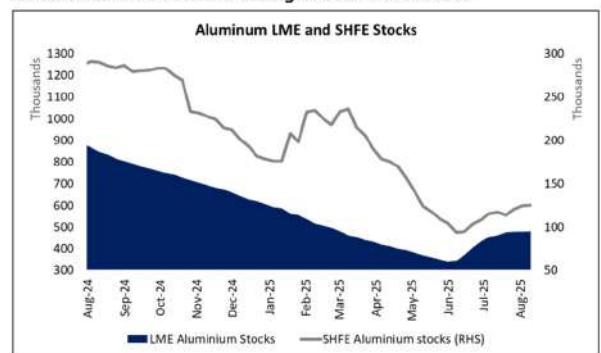
Aluminium prices saw modest declines, mainly driven by profit-taking, though they remained cushioned by positive China PMI data but high levels of inventory at LME capped gains. According to the latest report from the World Bureau of Metal Statistics (WBMS), the global primary aluminum market experienced a supply surplus in June. In June alone, worldwide primary aluminum production reached 6.0944 million tons, while consumption was 5.9113 million tons, resulting in a surplus of 183,100 tons. In the first half of this year, global primary aluminum production amounted to 36.8473 million tons against a consumption of 36.884 million tons, showing a supply shortage of 36,700 tons for the period. There is surplus MoM but H1 shows minor deficit. Global bauxite supply faces uncertainty as tensions between Guinea's government and Emirates Global Aluminum after cancelling its mining license cancellations lead to EGA ending all bauxite mining activities in Guinea.

Strong uptick seen in China RatingDog Manufacturing PMI



Source: Reuters

Inventories have been increasing at both warehouses



Source: Reuters

Britain's financial watchdog questioned commodity trader Mercuria about its huge aluminium holding on the LME, which has been disrupting short-term contract prices. Since May, Mercuria has held over 90% of aluminium warrants. As of last week, it had more than 420,000 metric tons of aluminium, while total LME warehouse inventories rose over 40% since late June to 484,000 tons.

Outlook:

Heading into the second half of September, market participants are focused on the upcoming Federal Reserve meeting. Expectations of a rate cut remain high, likely putting further downward pressure on the U.S. dollar and supporting base metals prices. In China, the peak consumption season (September–October) is expected to improve demand, although end-user activity remains mixed. Overall, copper and zinc prices are positioned to maintain upward momentum in the near term, supported by positive demand signals, and the anticipation of looser monetary policy. Aluminium may catch up other metals pace slower amidst fluctuating cash-3M spread hovering between contango and backwardation and mounting inventory levels; however, risks to bauxite supply may support prices.

Technical Outlook:

Copper:

MCX Copper traded sideways in the previous week, consolidating within a tight range as prices hovered near key resistance levels. Despite the lack of major directional moves, the broader structure remains constructive, supported by higher lows on the chart and stability above moving averages. Immediate support is placed at ₹882 (S1) and ₹868 (S2), which are likely to limit downside pressure. On the higher side, resistance is seen at ₹907 (R1) and further at ₹920 (R2). The overall outlook stays positive, and a buy-on-dips approach is suggested, with expectations of prices gradually moving towards higher resistance levels in the coming sessions.

MCX Zinc extended its upward momentum in the previous week, gaining nearly ₹3.55 or about 1.30%, as prices sustained above key breakout levels. The metal has successfully moved out of its long-term downtrend channel and is now trading with higher highs and higher lows, indicating a shift in trend towards bullishness. Immediate support is placed at ₹269 (S1), followed by ₹263 (S2), which are expected to provide strong buying interest on declines. On the upside, resistance is seen at ₹279 (R1) and further at ₹285 (R2). Overall view remains positive, and a buy-on-dips strategy near ₹270 is suggested, with an upside target towards ₹280 in near term.



MCX Aluminium:

MCX Aluminium ended the previous week marginally lower, slipping by about ₹1.25 or 0.49%, as prices continued to oscillate within a defined range. The metal has been consolidating between ₹248 on the downside and ₹257 on the upside, suggesting a sideways trend in the near term. Support levels are seen at ₹248 (S1) and ₹246 (S2), while resistance is placed at ₹257 (R1) and further at ₹260 (R2). The overall outlook remains neutral to sideways; however, a decisive break above ₹257 would open the gates for further upside towards ₹262. Until then, range-bound trading is expected.



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