Monday, September 15, 2025

Base metals continue to add gains for yet another week as a mix of supply disruptions, mixed economic data, and shifting policy signals created significant price movements. Copper and zinc remained in focus, driven by unexpected mine closures, changes in import patterns, and concerns over slowing industrial growth. Aluminium prices also caught up pace with other metals closing the week in the green.

Copper prices inched higher amidst risks to supply, particularly in China's smelting sector, where smelters in Jiangxi and North China faced production cuts due to scrap copper shortages. However, positive demand signals emerged as China's Manufacturing and Services PMIs remained in expansion territory, supporting prices. China's industrial production grew by 5.2% YoY in August, albeit below expectations and slowing from July's 5.7%. The weaker-than-expected industrial output, combined with softer inflation, further solidified market expectations of a Federal Reserve rate cut.

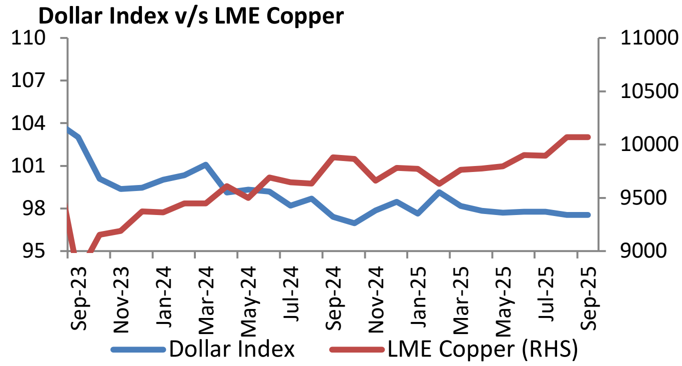
An incident at Indonesia's Grasberg copper mine forced a temporary suspension to rescue trapped workers. This event recalled a similar disruption earlier this year at Chile's El Teniente mine. Such disruptions fueled concerns of tighter copper supplies, amplifying market bullishness. Concurrently, China's copper concentrate imports rose by 8% in August compared to the previous year, reaching 2.76 million metric tonnes, as Freeport Indonesia accelerated shipments ahead of the September 16 export license expiration.

Zinc prices held onto gains supported by ILZSG data which shows 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

Commodity	Copper	Aluminum	Zinc
Open	914.85	260.05	279.45
Close	913.85	261.15	279.90
Change	16.80	7.20	5.05
% Change	1.87%	2.84%	1.84%
Open Int.	5594	4741	3622
Change	-493	757	-1
Pivot	915.6	260.6	279.3
Resistance	918.1	261.9	281.2
Support	911.3	259.9	278.0

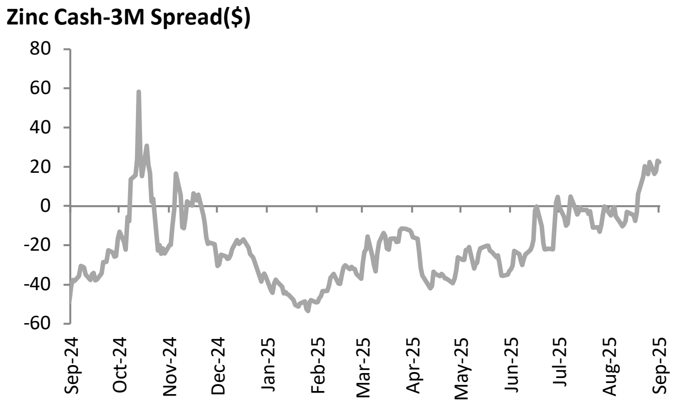
LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	155825	217614	485275	53075
Close	153950	225084	485275	50525
Change	-1875	7470	0	-2550
% Change	-1.20%	3.43%	0.00%	-4.80%

near-term supplies, which notably visible in the LME Zinc Cash-3M Spread. The spread, which had hovered near zero or slightly negative for several months prior, began to rise steadily, moving into positive territory. With high fund concentration, LME zinc remains supportive and could continue to add gains.



Source: Reuters

Aluminium prices saw modest gains amid positive sentiment and supply side concerns. According to the latest report from the WBMS, the global primary aluminum market experienced a supply surplus in June, where 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.



Source: Reuters

DXY index weakened significantly holding near ten-week lows, driven by underwhelming U.S. employment data and inflation trends. With the jobless rate at a near four-year high and inflation easing, markets rapidly increased the likelihood of a Fed rate cut, which would further weaken the dollar and support industrial metal prices. Markets are pricing in about a 96% chance of a 25 basis point rate cut on Wednesday and roughly a 4% probability of a larger half-point move. Those bets follow recent US data showing a cooling labor market and subdued inflation.

As the U.S. Federal Reserve prepares for a rate cut, China's central bank faces a tough choice. On one hand it would want to support the slowing economy but is cautious about further boosting the already strong stock market. A Fed rate cut could give China more room to ease its policy without risking capital outflows or a weaker yuan. However, People's Bank of China is expected to wait for clearer signs of economic slowdown before making any major moves. Data from China showed economic data missed across the board for August. Fixed Asset Investment dropped to a 5-year low of 0.5% from 1.6% previously. Retail sales also dropped to 3.4% from 3.7% previously and property woes deepened as investment dropped -12.9% YoY.

So far this year, the PBOC has cut its key policy rate by 10 basis points and lowered banks' reserve requirement ratio by 50 basis points, both in May, as part of broader efforts to stimulate growth.

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, zinc and aluminum prices are positioned to maintain upward momentum in the near term supported by weaker dollar, supply risks and positive demand signals.

Technical Outlook:

Copper:

MCX Copper ended the week with a gain of 1.87%, extending its bullish structure with higher highs and higher lows. The price has also confirmed a breakout above the downward sloping trend line, adding strength to the positive setup. Technical indicators remain supportive—prices are holding above the 21 EMA, signaling sustained momentum, while the RSI stays above 50, reflecting steady buying interest. Immediate support is placed at ₹908 and ₹905, whereas resistance levels are noted at ₹925 and ₹940. As long as these conditions persist, the overall bias is expected to remain bullish.

MCX Zinc advanced by about ₹5.05, or 1.84%, over the past week. On the daily chart, the price has broken above a downward sloping trend line while maintaining a structure of higher highs and higher lows. It is also trading above the 21-day Exponential Moving Average (EMA), reinforcing the positive bias. The 14-period Relative Strength Index (RSI) has moved back above the 50 mark, indicating strengthening bullish momentum. A buy-on-dips strategy is recommended in the ₹277–₹275 zone, targeting ₹290–₹295 on the upside, with key support levels placed at ₹270 and ₹264.

MCX Aluminium:

MCX Aluminium closed the week on a firm note, advancing by ₹7.72 or 2.84%. On the daily chart, the metal has broken out of its recent range and is now forming higher highs and higher lows, highlighting a strengthening bullish trend. Prices are comfortably trading above the 21-day Exponential Moving Average (EMA), further supporting the positive bias. A buy-on-dips strategy continues to be preferred in this setup. Key resistance is placed at ₹263 and ₹268, while the bullish outlook is likely to remain intact as long as prices hold above ₹255. A sustained close below this support could signal a shift in momentum.

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