Monday, January 12, 2026

Global base metal markets opened the New Year on a strong footing, led by sharp rallies in aluminium and copper as investors priced in tightening supply risks, policy uncertainty, and improving demand signals from China. Aluminium prices surged past the key psychological level of $3,000 per tonne, while copper climbed above $13,000, extending the momentum built during 2025.

Aluminium's rally was primarily driven by mounting supply-side concerns. Mozambique's Mozal aluminium smelter, one of Africa's largest producers, is scheduled to undergo maintenance in March 2026, raising questions over future availability. Additional disruptions were reported across key producing regions, with smelters in Iceland, Mozambique, and Australia facing suspensions due to high energy costs, equipment failures, bauxite sourcing challenges, and geopolitical risks. These issues have reinforced expectations that global aluminium supply will remain constrained well into 2026.

China, the world's largest aluminium producer, further supported prices by reiterating its commitment to preventing overcapacity in metal production. Authorities remain focused on curbing deflationary pressures for manufacturers by limiting excess output. China is expected to breach its 45 million tonne production cap in 2025, forcing domestic smelters to restrain growth in 2026. This policy stance has reassured markets that supply discipline will continue, adding a structural floor to aluminium prices.

Copper prices also rallied strongly, crossing $13,000 per tonne as supply concerns coincided with strong financial and macroeconomic drivers. A major factor has been the rush to ship copper into the United States, where persistent threats of import tariffs under the Trump administration have caused US copper prices to trade at a premium to those on the London Metal Exchange. This arbitrage has

Commodity	Copper	Aluminum	Zinc
Open	1280	310.75	309.45
Close	1281.3	317.40	309.05
Change	-5.80	14.65	2.45
% Change	-0.45%	4.84%	0.80%
Open Int.	14449	3300	3744
Change	218	-866	-1778
Pivot	1280.7	315.0	309.4
Resistance	1295.2	320.4	311.0
Support	1266.8	311.9	307.4

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	142550	255354	506750	105850
Close	138975	284790	497825	107450
Change	-3575	29436	-8925	1600
% Change	-2.51%	11.53%	-1.76%	1.51%

diverted material toward the US, raising fears of shortages in major trading hubs such as London and Shanghai.

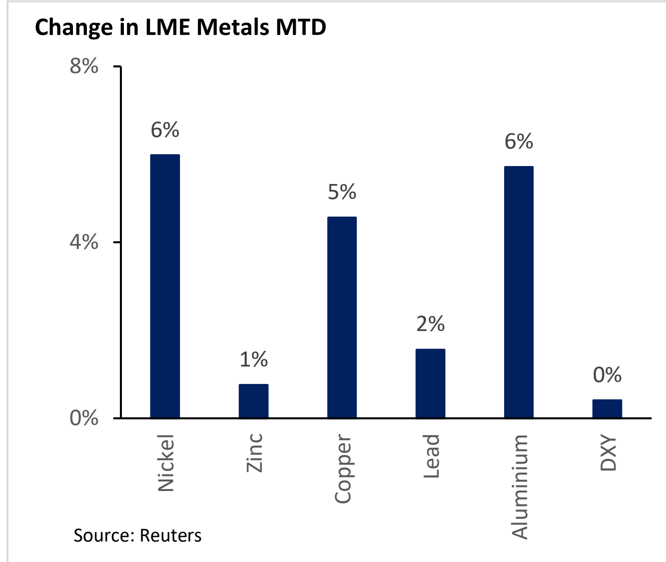
Speculative interest was further fuelled by labour disruptions at Chile's Mantoverde mine, which announced it would operate at only 30% capacity during a strike. Given Chile's critical role in global copper supply, even limited disruptions have a meaningful impact on market sentiment, encouraging traders to build long positions.

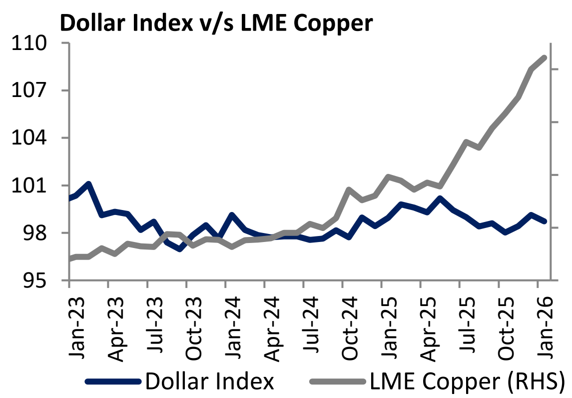
The broader metals complex also contributed to copper's strength. Investor inflows pushed gold, silver, and platinum to new highs, while aluminium and tin reached multi-year peaks. This synchronized rally reflects renewed interest in commodities as both inflation hedges and strategic assets tied to energy transition and technological growth.

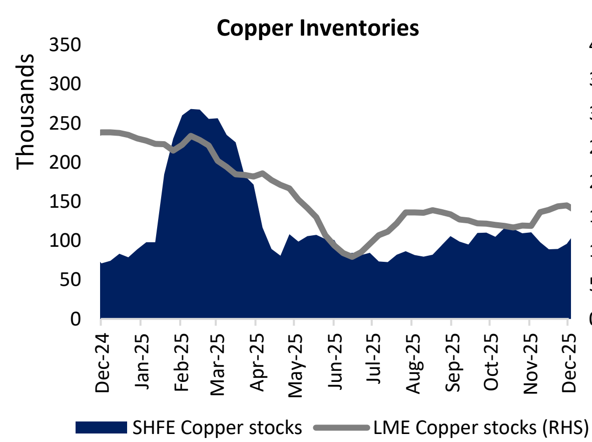
From a demand perspective, China delivered a key positive surprise. Factory activity expanded in December, ending an eight-month contraction streak, supported by stronger pre-holiday orders. Policymakers have continued to emphasize support for the manufacturing sector while trying to avoid worsening deflation. China's cabinet, led by Premier Li Qiang, recently discussed a new package of fiscal and financial measures aimed at boosting domestic consumption and ensuring a strong start to the economy in 2026. These initiatives, including incentives for household spending, have lifted expectations for stronger metal demand in the coming quarters.

US dollar index initially climbed above, reaching a two-week high as investors evaluated geopolitical tensions following US military actions against Venezuela and awaited key US economic data. However, the dollar later softened after federal prosecutors launched a probe into Federal Reserve Chair Jerome Powell, raising concerns about central bank independence. The weaker dollar provided additional support to commodity prices, particularly copper.

Looking back at 2025, copper had already delivered a remarkable performance, rising more than 40% to record highs. The rally was driven by strong demand from artificial intelligence infrastructure, renewable energy projects, and electric vehicle supply chains, combined with persistent mine supply disruptions. These structural drivers remain firmly in place as 2026 begins.







Source: Reuters

Overall, the first trading week of the year reinforced the view that base metal markets are entering a period of sustained tightness. Aluminium faces ongoing production discipline in China and operational risks globally, while copper is increasingly vulnerable to trade policy shifts, supply disruptions, and accelerating demand from energy transition sectors. With investor participation rising across the broader precious and base metals complex, price volatility is expected to remain elevated. Unless there is a sharp reversal in Chinese demand trends or a rapid easing of geopolitical and supply risks, aluminium and copper prices are likely to stay well supported in the near term, keeping the metals complex firmly in focus for global investors and industrial consumers alike.

Technical Outlook

In the last week, copper gave a flat close with the prices trading in a broader range. Prices are consistently trading above the 20 SMA on the weekly chart. The 14- period Relative Strength Index (RSI) is currently trading at 89, positioned above the 70 overbought mark, signalling market strength. Prices are holding well above the rising wedge pattern breakout with the view to remain in a broader consolidative phase of 1230 - 1390. There is a possibility for it to witness zig zag price action in the above mentioned range.

In the last week, zinc gave a positive close by 0.80%. It has convincingly given a cup & handle breakout on the weekly chart. There is a possibility for it to trade in a sideways to higher range. Immediate support can be identified at Rs. 300 mark whereas resistance is observed at Rs. 325. The erratic move seems likely to remain and any breach on the either side might initiate directional move.

In the last week, aluminium prices closed on a positive note by 4.84%. The 14- period Relative Strength Index (RSI) is currently trading at 84, positioned above the overbought zone of 70, signalling market strength indicating a pace in the momentum on the higher side. There is a possibility for the prices to trade with a frenzied bull run in a broader range 333 – 300.

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