Tuesday, January 27, 2026

Base metals traded with heightened volatility over the week as regulatory action in China, shifting demand signals, and global macro uncertainty combined to drive sharp price swings. Early in the period, metals prices gave up part of their recent gains after Chinese authorities intensified restrictions on high-frequency trading. Regulators ordered mainland exchanges to remove servers dedicated to high-frequency trading from local data centers, a move aimed at reducing ultra-low-latency trading advantages. This policy change affected both domestic and global trading firms and contributed to a cooling of speculative momentum across commodities.

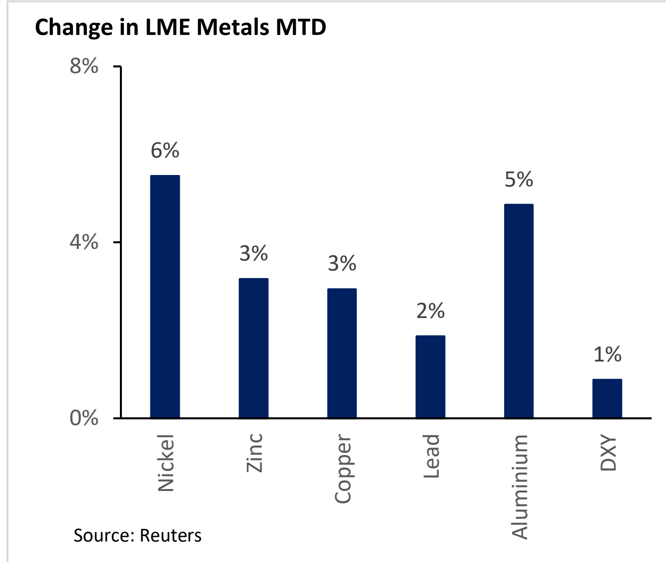
At the same time, trade data from China offered a mixed picture. Imports of unwrought aluminium and aluminium products rose 7.1% YoY in December to 320,000 metric tons, indicating steady downstream demand despite weak sentiment in financial markets. China's aluminium production in 2025 surpassed 45 million metric tons, broadly in line with the government-mandated output cap, reinforcing expectations that supply growth will remain constrained in the near term.

Currency movements played an important role in shaping price action. US dollar index edged lower during the week as investors reacted to renewed geopolitical tensions and trade threats from US President Donald Trump. His announcement of a potential additional 10% import tariff on goods from several European countries beginning February 1, tied to negotiations over Greenland, triggered a broader risk-off move. Investors shifted toward safe-haven currencies such as the Japanese yen and Swiss franc, placing downward pressure on the dollar and providing temporary support to metals.

Commodity	Copper	Aluminum	Zinc
Open	1278	313.45	313.45
Close	1283.8	316.25	312.80
Change	-5.70	-0.25	0.00
% Change	-0.44%	-0.08%	0.00%
Open Int.	7424	1082	1033
Change	-7634	-1709	-1433
Pivot	1281.7	315.5	312.9
Resistance	1293.5	317.7	313.8
Support	1272.0	314.1	311.9

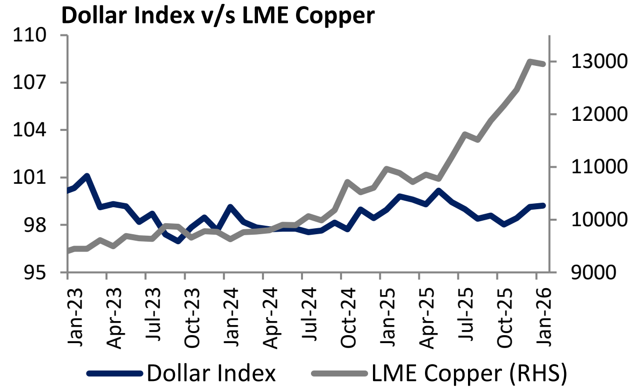
LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	147425	285708	485000	105050
Close	170525	285552	505275	111325
Change	23100	-156	20275	6275
% Change	15.67%	-0.05%	4.18%	5.97%

Copper prices initially benefited from the weaker dollar and stronger-than-expected Chinese economic data. China's industrial output rose 5.2% year on year in December, exceeding market expectations and accelerating from November. On the supply side, Chile, the world's largest copper producer, lowered short-term production forecasts, while Peru reported an 11% decline in output in November. These factors helped copper extend gains, supported further by optimism around the global energy transition and concerns that potential US tariffs could disrupt supply chains.



However, the rally proved difficult to sustain. Copper prices later fell sharply as elevated price levels discouraged physical buying, particularly in China, where inventories are already high. LME copper has surged roughly 30% over the past six months, reaching a record peak of $13,407 per ton last week, largely driven by speculative positioning. In contrast, physical market indicators pointed to weakening demand. Inventories in Shanghai Futures Exchange warehouses more than doubled to 213,515 metric tons since early December, while stocks in US Comex facilities surged by 127% over the past six months to over 540,000 short tons.

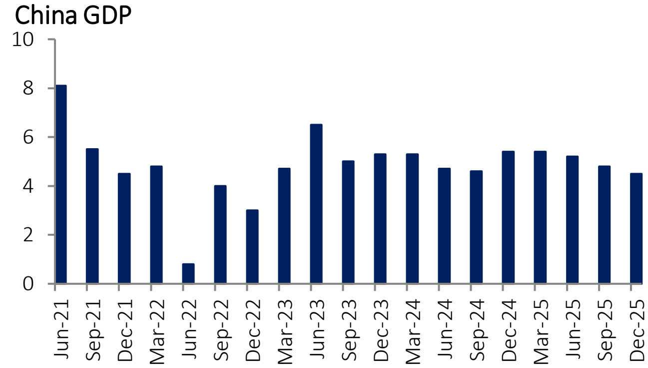
Dollar Index v/s LME Copper



Source: Reuters

Demand softness was further reflected in China's spot market. The premium Chinese buyers pay for physical copper flipped into a discount of around 150 yuan per ton to SHFE futures, compared with a premium of 200 yuan earlier in mid-January. The Yangshan copper import premium, a key gauge of Chinese demand for imported metal, fell by half over the past month to its lowest level since mid-2024. This decline highlighted reduced purchasing activity as record-high base metal prices squeezed manufacturing margins.

China GDP



Source : Reuters

Toward the end of the week, copper prices recovered some losses as the dollar extended its decline, marking its weakest weekly performance since June. Political uncertainty in the US, including fears of a government shutdown and speculation around joint currency intervention by US and Japanese officials, reinforced the "sell America" narrative and supported base metals. On the supply side, Capstone Copper reported a halt in production at its Mantoverde mine in Chile due to a workers' strike, adding to lingering concerns over mine disruptions.

Overall, the week was characterized by a tug of war between macro and financial drivers on one hand and weakening physical demand signals on the other. While policy support for energy transition metals and supply-side risks continue to underpin the longer-term outlook; rising inventories, softer premiums, and regulatory actions in China suggest near-term price consolidation and increased volatility across base metals markets.

Technical Outlook

MCX Copper is currently trading near ₹1,319 and is consolidating within a contracting triangle structure, indicating a sideways phase after the recent move. Prices are trading above the 20-EMA, which is acting as a short-term support and keeping the structure stable. On the downside, immediate support is placed at ₹1,310, followed by ₹1,280. On the upside, resistance is seen at ₹1,337 and further at ₹1,352. A sustained breakout on either side of this range is likely to determine the next directional trend.

MCX Zinc is currently trading near ₹320 and is consolidating within a contracting triangle structure, indicating a range-bound phase after the recent upmove. The price continues to hold above key supports, keeping the structure stable. On the downside, support is placed at ₹316 followed by ₹313. On the upside, resistance is seen at ₹320 and further at ₹324 . A decisive breakout beyond this range will define the next directional move

MCX Aluminium is currently trading near ₹318 and is consolidating after the recent upmove while holding above the 20-EMA, indicating a stable short-term structure. The price action suggests sideways consolidation within a defined range. Immediate support is placed at ₹312, followed by ₹306 on the downside. On the upside, resistance is seen at ₹325, and a sustained breakout above this level can extend the rally towards ₹332. Until a decisive break occurs, the counter is expected to continue range-bound trading.

Navneet Damani	**Research-Head**	**navneetdamani@motilaloswal.com**
Pareen Pattni	**Analyst**	**Pareen.pattni@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 and and BSE enlistment no. 5028. 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS 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. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

Terms & Conditions:
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.
This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
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.
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.
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.
The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
All such information and opinions are subject to change without notice.
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.
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.
Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
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.
Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
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.
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.
MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
A graph of daily closing prices of commodities is available at http://www.moneyline.co.in/
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.
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.
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.