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Pathfinder

Copper: Price Fatigue

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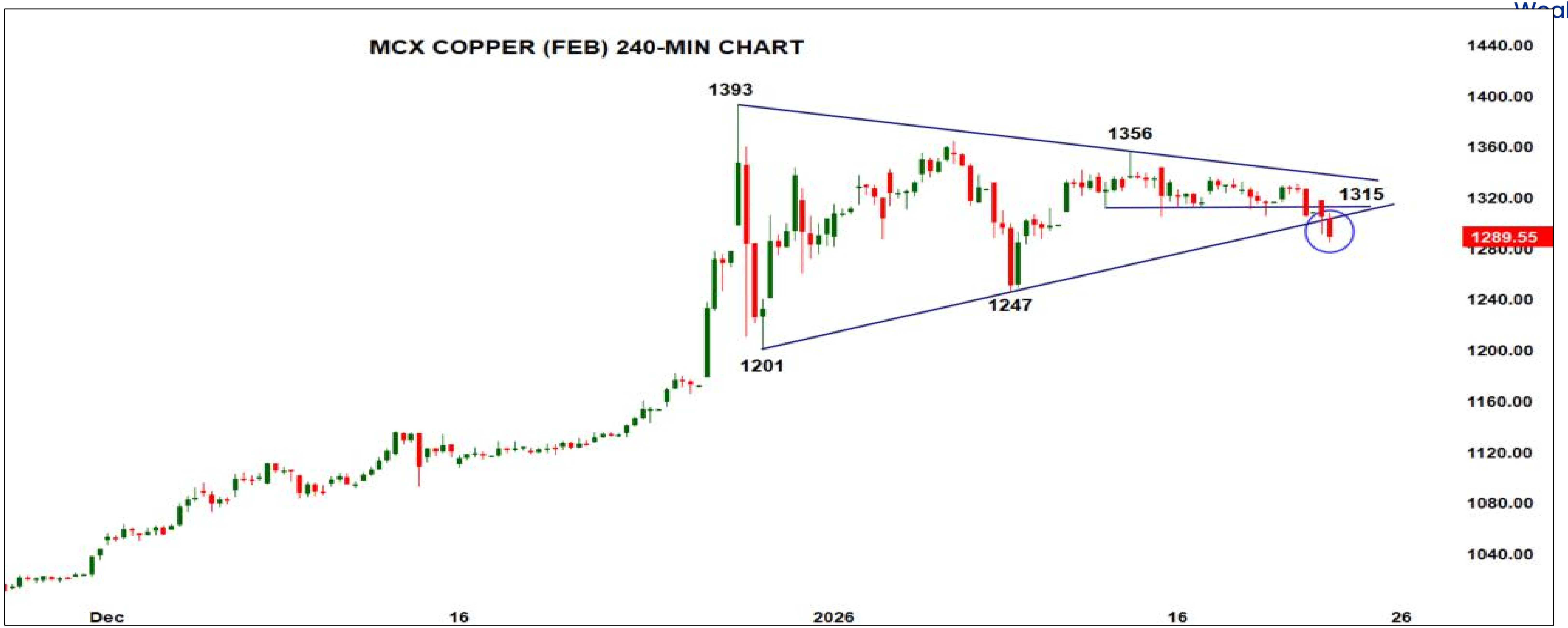
Fundamental Update

- Copper jumped over 40% last year and carried its rally into early 2026 crossing $13000, supported by stronger demand expectations driven by the energy transition
- Meanwhile, supply disruptions at major mines and fears of potential U.S. import tariffs further tightened global markets
- However, prices have since reversed from recent peaks following China's crackdown on high-frequency trading
- China's securities regulator ordered high-frequency traders to remove co-located servers from exchange data centers, curbing ultra-low-latency trading on platforms such as SHFE
- Copper also retreated after Trump administration deferred proposed tariffs on critical mineral imports, opting instead to pursue negotiated supply agreements
- Market participants also assessed mixed economic signals from top consumer China, where full-year GDP growth in 2025 met China's 5% target
- New home prices extended their decline in December, highlighting ongoing strains in the property sector and fixed-asset investment fell by 3.8% in 2025
- Copper inventories in US Comex approved warehouses rose above 500,000 metric tons for the first time, and SHFE inventories also rose ~20% WoW
- Arbitrage of COMEX copper against LME copper is also fading, as market is easing from tight to more balanced conditions
- Yangshan import premium, which measures the premium that manufacturers pay to import physical metal from bonded warehouses, has also halved over the past month

MCX Copper Technical Update



- MCX Copper (Feb) has been trading in a symmetrical triangle formation on 240-min chart and very recently has given a breakdown below the key support of Rs.1302
- Now, immediate resistance is at Rs.1302 whereas critical resistance is at Rs.1315 bias remains negative as long as it holds below the same
- Selling around Rs.1290 is recommended targeting Rs.1247 as initial target and majorly it could target Rs.1201, however our bias will negate above Rs.1315

LME Copper Technical Update

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- LME Copper on 240-min chart has given a trend line break down and price sustained close below $12725 will confirm further weakness in price for short-term
- Immediate support is placed at $12517 and price sustained break below the same will signify further weakness towards $1290 mark
- Selling is recommended but our bias will negate above resistance of $12865 on sustainable basis

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