Monday, February 16, 2026

Industrial metals markets experienced a volatile week, as weaker seasonal demand from China, rising global inventories, and macroeconomic developments weighed on sentiment. Copper prices stabilized this week following a period of significant volatility, as markets balanced supply constraints against weakening short-term demand, particularly from China. The approach of China's Lunar New Year holiday led to slower industrial activity, reduced trading volumes, and cautious market sentiment.

Commodity	Copper	Aluminum	Zinc
Open	1211.6	308.7	322.6
Close	1209.5	309.25	323.60
Change	-33.35	-2.95	-2.05
% Change	-2.68%	-0.94%	-0.63%
Open Int.	16209	3180	1831
Change	693	-877	-1600
Pivot	1205.6	308.2	322.6
Resistance	1229.3	312.3	325.7
Support	1185.8	305.1	320.6

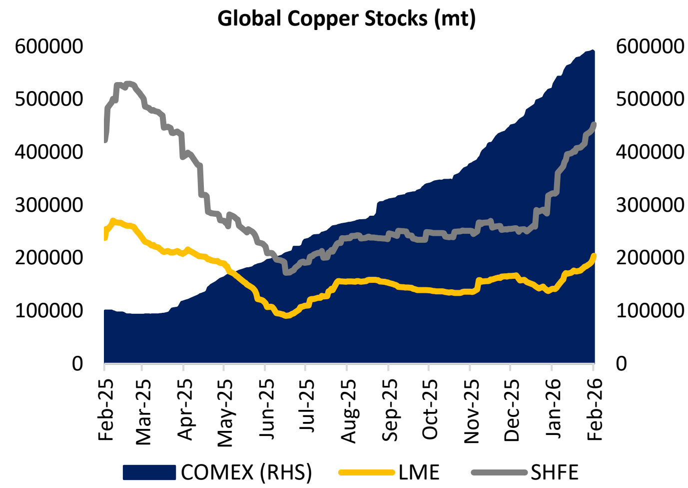
LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	184300	285072	488975	106925
Close	203875	287088	481550	102225
Change	19575	2016	-7425	-4700
% Change	10.62%	0.71%	-1.52%	-4.40%

China Demand and Economic Conditions

China's industrial metals demand softened significantly during the week as manufacturing activity slowed ahead of the nine-day Lunar New Year holiday. Many downstream consumers had already completed pre-holiday restocking, resulting in lower spot buying activity and reduced trading volumes. Import appetite indicators reflected subdued demand conditions. Although the Yangshan copper premium rose modestly from late-January levels, it remained relatively low, signaling cautious import demand.

China's broader economic indicators also reflected slowing momentum in industrial consumption. Factory shutdowns ahead of the holiday period temporarily reduced production and raw material demand. At the same time, concerns over weaker export growth, cautious domestic investment, and slower property sector activity continued to limit aggressive restocking by industrial users. However, long-term demand remains supported by structural sectors such as renewable energy, power infrastructure, and data center expansion, which continue to drive steady consumption growth for copper and aluminium.

Rising global inventories weighed heavily on market sentiment. Copper stocks across major global exchanges surpassed 1 million metric tons for the first time in more than two decades. LME inventories rose to around 189,100 tons, while Shanghai Futures Exchange stocks increased to approximately 248,911 tons. Comex inventories remained at record highs above 535,000 tons, reflecting continued inflows and precautionary stockpiling in the United States ahead of potential import tariffs expected in 2027.A significant portion of copper inventories remains concentrated in the United States, driven by forward-looking stock accumulation ahead of possible policy changes. On the supply side, operational disruptions and power shortages at mining operations limited immediate supply growth. However, longer-term production outlooks remain stable, supported by ongoing investments in mining capacity and refining.



Source: Reuters

Aluminium Market and Tariff Developments

Aluminium prices declined during the week, reaching a one-week low after reports that the United States may reduce certain import tariffs on aluminium. The news initially pressured prices, as lower tariffs could ease supply constraints and increase metal availability in the US market. However, prices later recovered partially as investors assessed that the overall impact of tariff reductions would likely be limited in the near term.

Tariff uncertainty remains an important factor influencing global aluminium trade flows. Recent stockpiling in the United States reflects efforts by market participants to prepare for possible future tariff adjustments, which could reshape global supply chains and regional price differentials.

Macroeconomic and Currency Influence

Currency movements and macroeconomic developments played a key role in shaping metals prices. US dollar remained volatile, strengthening after the nomination of Kevin Warsh as the next Federal Reserve Chair, reflecting expectations of tighter monetary policy. A stronger dollar generally pressured metals prices by making commodities more expensive for international buyers.

At the same time, mixed US economic data, including weaker retail sales and strong employment figures, created uncertainty about the pace of future interest rate adjustments. Concerns over foreign demand for US financial assets, particularly following reports of Chinese financial institutions reducing exposure to US Treasuries, also influenced currency markets and investor sentiment.

Seasonal demand slowdown in China is expected to persist until industrial activity resumes after the Lunar New Year holiday. With major downtrend seen in silver as well, industrial metals remain in a slightly sideways to negative market mood.

Technical Outlook

MCX Copper is under pressure after breaking down from its ascending channel. The price is currently consolidating in a range following sharp selling pressure triggered by this technical breakdown. The 20 EMA at 1,210 is serving as a significant resistance, reinforcing the negative bias. A continuation of the downtrend toward the immediate support of 1,190 is likely, and a decisive close below this level could push prices further down to 1,176. On any upside recovery, the commodity faces major resistance at 1,225, followed by the primary hurdle at 1,240.

MCX Zinc is currently trading near ₹322 and is consolidating within contracting triangle structure, indicating a range-bound phase after the recent up move. The price continues to hold above key supports, keeping the structure stable.

On the downside, support is placed at ₹320 followed by ₹316. On the upside, resistance is seen at ₹324 and further at ₹332. A decisive breakout beyond this range will define the next directional move.

MCX Aluminium is currently trading near ₹308 and is consolidating after the recent upmove while holding below the 20-EMA, indicating a stable short-term structure. The price action suggests sideways consolidation within a defined range.

Immediate support is placed at ₹306, followed by ₹300 on the downside. On the upside, resistance is seen at ₹311, and a sustained breakout above this level can extend the rally towards ₹317. Until a decisive break occurs, the counter is expected to continue range-bound trading.

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