



Monday, March 16, 2026

Global base metal markets remained volatile during the week as geopolitical tensions in the Middle East, fluctuations in the U.S. dollar, and evolving supply dynamics shaped price movements in copper and aluminium. While copper prices faced downward pressure from macroeconomic factors such as inflation concerns and a stronger dollar, aluminium prices rallied sharply amid mounting fears of supply disruptions linked to the ongoing Iran-U.S. conflict and disruptions in the Persian Gulf region.

Higher oil prices increased expectations that the Federal Reserve may maintain a more hawkish stance on monetary policy, limiting the scope for interest rate cuts this year boosting the dollar. In addition, rising oil prices raised concerns that higher production costs could slow global manufacturing activity, impacting demand for industrial metals.

Chinese fabricators stepped in to purchase copper during price dips, providing additional support to the market. Nevertheless, rising exchange inventories continued to cap gains. Weekly data from the Shanghai Futures Exchange indicated that copper stocks increased by roughly 2%, reaching around 83,000 tonnes. Elevated inventories on both the SHFE and the London Metal Exchange suggested that near-term supply conditions remain comfortable, limiting the upside potential for copper prices.

Structural supply concerns in the copper market, however, remain an important long-term theme. Annual copper smelting refining charges for 2026 were reportedly set at \$0 per tonne, reflecting a severe shortage of copper concentrate globally. This development indicates increasing tightness in upstream supply, which could constrain refined copper production in the coming years. In addition, expectations of growing demand linked to artificial intelligence infrastructure, data center expansion, and rising defense spending continue to underpin the longer-term outlook for copper, providing a price floor despite short-term macro pressures.

Commodity	Copper	Aluminum	Zinc
Open	1199.25	349.75	324.9
Close	1187.4	346.10	324.45
Change	-9.80	6.20	0.60
% Change	-0.82%	1.82%	0.19%
Open Int.	15100	2958	2858
Change	-946	-1289	-1167
Pivot	1191.2	347.1	324.5
Resistance	1198.3	349.0	325.6
Support	1180.3	344.2	323.4

Aluminium prices experienced strong upward momentum during the week, reaching levels not seen in nearly four years at one point. The primary driver of the rally was concern about global supply disruptions stemming from the Middle East conflict. The closure of the Strait of Hormuz, a key shipping route for the Persian Gulf region, has significantly disrupted the transportation of aluminium exports. The Gulf region accounts for roughly 9% of global aluminium production, making the disruption a major concern for global supply chains.

Further exacerbating supply worries, two major smelters in the region faced operational disruptions. Aluminium Bahrain (Alba), which operates one of the world's largest aluminium smelters, declared force majeure on shipments and announced a phased production shutdown that could impact a significant portion of its annual capacity. Meanwhile, the Qatari smelter Qatalum also began shutting down production. These developments significantly tightened expectations for near-term supply availability and pushed aluminium prices higher.

Additional evidence of tightening supply conditions was reflected in inventory movements on the London Metal Exchange. Cancelled warrants—representing metal earmarked for delivery—rose sharply to around 40-45% of total LME aluminium stocks, compared with just 9% before the geopolitical tensions escalated. This surge in cancelled warrants signaled strong demand for physical metal and heightened concerns about immediate availability in the market. As a result, the LME aluminium market shifted into backwardation of about \$40-50.

The supply outlook is also constrained by production dynamics in China, the world's largest aluminium producer. Chinese aluminium output is expected to stall this year after exceeding the government-imposed production cap of 45 mt in 2025, a policy aimed at limiting overcapacity and reducing environmental impacts. Additionally, efforts to expand production capacity in Indonesia are facing obstacles due to higher energy costs and regulatory challenges. These factors limit the ability of Chinese producers to offset supply disruptions in the Middle East.

Copper may trade within a moderate range due to macroeconomic pressures and rising inventories, while aluminium could remain comparatively stronger due to supply disruptions and tighter physical market conditions. Continued monitoring of developments in the Middle East, U.S. monetary policy signals, and Chinese industrial activity will be critical in determining the next directional move for both metals.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	294250	287418	454625	94800
Close	311825	284658	445300	97900
Change	17575	-2760	-9325	3100
% Change	5.97%	-0.96%	-2.05%	3.27%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	425145	53568	394498	134921
Close	433458	56462	416425	147348
Change	8313	2894	21927	12427
% Change	1.96%	5.40%	5.56%	9.21%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-44.86	-197.48	47.4	-25.77
Close	-102.7	-209.22	30.83	-42.63
Change	-57.84	-11.74	-16.57	-16.86
% Change	128.93%	5.94%	-34.96%	65.42%

Source: Reuters

Technical Outlook

In the last week, copper gave a negative close by 0.82% with the prices trading in a broader range. Prices have now started to trade below the 20 SMA on the daily chart. The 14- period Relative Strength Index (RSI) is currently trading below the 50 mark, signalling market weakness. It is likely to trade in a sideways to lower range, testing 1140 towards downside on sustenance below 1212 level. There is a possibility for it to witness zig zag price action in the above mentioned range.

In the last week, zinc gave a flat close. It has convincingly given a cup & handle breakout on the daily chart. It is also trading above 20 day SMA level. There is a possibility for it to trade in a sideways to higher range. Immediate support can be identified at Rs. 314 mark whereas resistance is observed at Rs. 340. 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 1.82%. The 14- period Relative Strength Index (RSI) is currently trading at 71, positioned above the overbought zone of 70, signalling market strength indicating a pace in the momentum on the higher side. Buying dips is suggested as bullish stance remains intact. There is a possibility for the prices to trade with a frenzied bull run in a broader range 360 – 361.



Navneet Damani	Research-Head	navneetdamani@motiloswal.com
Pareen Pattni	Analyst	Pareen.pattni@motiloswal.com

For any details contact:

Commodities Advisory Desk - +91 22 3958 3600

commoditiesresearch@motiloswal.com

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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