



Monday, March 23, 2026

Copper prices remained under sustained pressure during the week, with MCX copper declining ~7% WoW, significantly underperforming global benchmarks. The primary driver was continued strength in the U.S. dollar amid heightened geopolitical tensions and persistent inflation concerns. Rising oil prices, triggered by the ongoing Iran-U.S. conflict, reinforced expectations of a hawkish Federal Reserve, further weighing on sentiment for industrial metals.

Fundamentally, the copper market continues to reflect weak demand conditions. Global inventories surged, with LME stocks reaching their highest levels in over six years and combined inventories across exchanges hitting multi-decade highs. This oversupply dynamic is compounded by sluggish demand growth, particularly from China, where copper consumption remained flat in 2025 compared to strong historical growth trends.

There were, however, brief signs of support. A modest decline in SHFE inventories later in the week, along with improved downstream buying interest at lower price levels, indicated some early signs of destocking. Stronger Chinese macroeconomic data, including industrial output growth of 6.3%, also helped stabilize prices temporarily. Despite this, the broader trend remains bearish in the near term due to macro headwinds and ample supply.

Aluminium prices remained relatively resilient, supported by ongoing supply disruptions in the Middle East, though volatility increased as the week progressed. The closure of the Strait of Hormuz significantly impacted exports from the Persian Gulf, which accounts for around 9% of global aluminium production. Major smelters, including Aluminium Bahrain (Alba) and Qatar's Qatalum, faced production cuts and delivery disruptions, tightening global supply.

Commodity	Copper	Aluminum	Zinc
Open	1123	333.2	307.75
Close	1108	331.30	307.65
Change	-79.40	-14.80	-16.80
% Change	-6.69%	-4.28%	-5.18%
Open Int.	10493	1188	992
Change	-4607	-1770	-1866
Pivot	1113.7	332.3	307.7
Resistance	1128.7	335.4	310.3
Support	1093.0	328.2	305.0

These disruptions initially pushed prices higher and supported physical premiums, with producers such as Rio Tinto offering aluminium at elevated premiums to Asian buyers. However, the market saw intermittent corrections as alternative logistics routes began to emerge. Emirates Global Aluminium (EGA) started rerouting shipments through Oman’s Sohar port, while Alba explored alternative export channels via the Red Sea, easing immediate supply concerns.

Despite short-term relief, structural constraints remain intact. China’s aluminium production is expected to plateau due to the government-imposed output cap, while expansion efforts abroad face cost and regulatory challenges. As a result, aluminium continues to trade with a relatively stronger bias compared to other base metals.

Macroeconomic conditions remained a key driver for metals this week. The Federal Reserve held interest rates steady while maintaining a hawkish stance, signaling that rate cuts will depend on a clear moderation in inflation. Rising oil prices have increased forward-looking inflation risks, further reducing expectations of aggressive monetary easing.

Market expectations have now shifted toward only one rate cut later this year. This outlook supported the U.S. dollar, which remained firm for most of the week, creating headwinds for dollar-denominated commodities. Elevated inflation expectations, combined with geopolitical uncertainty, also raised concerns about a potential slowdown in global economic activity, particularly in manufacturing.

Indian rupee weakened during the week, amplifying the downside in domestic commodity prices. The depreciation was largely driven by a stronger U.S. dollar, rising crude oil prices, and risk-off sentiment linked to geopolitical tensions. Higher oil import costs tend to pressure India’s current account, contributing to currency weakness.

Copper is likely to stay under pressure due to high inventory levels, weak demand signals, and a firm dollar, although downside may be partially cushioned by dip-buying and early signs of destocking in China. Aluminium is expected to remain relatively better supported due to ongoing supply-side disruptions, though further easing in logistics constraints could introduce short-term corrections.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	311600	283914	442825	97500
Close	342350	283512	429675	117675
Change	30750	-402	-13150	20175
% Change	9.87%	-0.14%	-2.97%	20.69%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	433458	56462	416425	147348
Close	411121	56690	452044	152266
Change	-22337	228	35619	4918
% Change	-5.15%	0.40%	8.55%	3.34%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-102.7	-209.22	30.83	-42.63
Close	-94.77	-191.8	37.58	-24.61
Change	7.93	17.42	6.75	18.02
% Change	-7.72%	-8.33%	21.89%	-42.27%

Source: Reuters

Technical Outlook

Price has decisively broken below the key support zone near 1140, confirming the breakdown and shifting the short-term trend firmly negative. The 20 EMA is now acting as dynamic resistance, with price consistently trading below it, indicating weak momentum and lack of bullish strength. On the downside, further any correction towards 1095 (R1) can open selling opportunity for downside 1050 (S1), with an extended target near 1030 (S2) if selling pressure persists. Any pullback towards the 1095-1120 zone is likely to act as a selling opportunity unless price reclaims and sustains above this resistance band. Overall, the structure favours a sell-on-rise approach, with downside risks dominant in the near term.

The price has started correcting towards the key neckline support region around 300–295, which aligns with a prior breakout zone and could act as a strong demand area. The overall trend remains constructive as long as price holds above this zone, with the 20 EMA still supporting the broader upward momentum despite the short-term weakness. From a tactical perspective, the 295–300 zone will be crucial to watch for a potential rebound, which could push prices back towards 320 and possibly 330 on the upside. However, a decisive close below 295 would negate the bullish structure and signal a deeper correction, opening downside potential towards 280 (S2). Hence, price action around this neckline support will be key in determining the next directional move.

Price is now trading below the moving average, which is likely to act as a dynamic resistance on any pullback, reinforcing the negative bias in the near term. On the downside, immediate support is seen near 313 (S1), and a continuation of selling pressure could extend the decline towards 303 (S2). Any pullback towards the 336–340 zone may attract fresh selling interest unless price reclaims and sustains above the 20 EMA. Overall, the structure favors a sell-on-rise approach, with downside targets of 313 and 303 in focus.



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