



Monday, April 13, 2026

Base metal markets remained highly volatile over the past week, largely driven by escalating geopolitical tensions in the Middle East, particularly the ongoing conflict involving the United States and Iran, alongside evolving macroeconomic indicators from China. Copper, aluminium, and zinc exhibited mixed trends as supply disruptions, demand signals, and currency movements interacted throughout the period.

Copper had a tug of war of prices which remained highly volatile, primarily due to heightened geopolitical uncertainty and its implications for global growth. Early in the week, concerns intensified after the US signaled continued military aggression without providing a clear timeline for resolution. The situation worsened as tensions escalated around the Strait of Hormuz, a critical global shipping route, with Iran refusing to comply with US demands to reopen the passage. These triggered fears of disrupted trade flows, rising inflation, and weakening industrial demand, all of which weighed on copper prices. Additionally, a stronger dollar—driven by safe-haven demand amid geopolitical risks—further pressured prices.

However, copper found intermittent support during the week. Optimism emerged around potential ceasefire negotiations, including discussions of a temporary 45-day truce and eventual reopening of the Strait. This briefly weakened the dollar and improved market sentiment. A more concrete boost came when Iran agreed to a short-term reopening of the Strait as part of a temporary ceasefire, leading to a rebound in copper prices.

Beyond geopolitics, underlying demand indicators provided a supportive base. Better-than-expected Chinese PMI data signaled a recovery in manufacturing activity, while consistent withdrawals from the Shanghai Futures Exchange (SHFE) inventories—extending to four consecutive weeks—pointed to improving domestic demand in China. These factors helped cushion downside risks and establish a near-term price floor for copper.

Commodity	Copper	Aluminum	Zinc
Open	1184.65	355.5	328.8
Close	1192.95	354.25	330.85
Change	37.85	-0.10	7.65
% Change	3.28%	-0.03%	2.37%
Open Int.	9212	3091	2011
Change	118	63	289
Pivot	1189.2	354.4	330.0
Resistance	1197.7	355.4	332.4
Support	1184.4	353.3	328.4

Despite these positives, volatility persisted. Late in the week, copper prices again declined after the breakdown of peace talks and the announcement of a blockade of the Strait of Hormuz by the US. This renewed fears of prolonged disruption, elevated energy prices, and tighter monetary policy, as inflation risks could delay or reverse anticipated interest rate cuts.

Aluminium prices remained relatively stable but with a firm underlying tone, supported by ongoing supply disruptions in the Middle East. Key production facilities, including those operated by Emirates Global Aluminium (EGA) and Aluminium Bahrain, were impacted by Iranian drone and missile strikes. Notably, EGA indicated that full restoration of production at its Al Taweelah smelter—responsible for approximately 1.6 million tons of annual output—could take up to a year. These disruptions introduced significant supply-side constraints, limiting downside in aluminium prices.

While temporary ceasefire developments provided brief relief to aluminium markets, the overall supply outlook remained uncertain due to the extent of damage to production facilities and the time required for normalization. As a result, aluminium prices largely traded sideways, with a slight upward bias during periods of intensified supply concerns.

Zinc emerged as a strong performer among base metals during the week, supported by both demand recovery and tightening supply conditions. Prices trended higher, gaining approximately 2–2.5% week-on-week. Positive Chinese PMI data reinforced expectations of improved industrial activity, thereby boosting demand sentiment.

On the supply side, zinc markets showed clear signs of tightening. London Metal Exchange (LME) inventories remained low at around 113,950 metric tons, while cancelled warrants—a proxy for future physical withdrawals—rose sharply. The cancelled warrant ratio climbed to approximately 24%, indicating reduced immediate availability of metal. Increased withdrawal activity was particularly notable in key hubs such as Singapore and Kaohsiung.

Further support came from declining inventories at the SHFE and ongoing mine closures and operational disruptions, which contributed to short-term supply tightness. These combined factors positioned zinc as relatively resilient compared to other base metals during the week.

While underlying fundamentals may provide support to prices, geopolitical scenario may influence copper prices more. Aluminium is expected to trade with higher bias. Going forward, market direction will depend heavily on the durability of any ceasefire agreements, the status of the Strait of Hormuz, and continued macroeconomic signals from China.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	378775	281496	409900	113925
Close	392750	281670	399150	111925
Change	13975	174	-10750	-2000
% Change	3.69%	0.06%	-2.62%	-1.76%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	301088	59982	470108	147383
Close	266484	61536	474332	144927
Change	-34604	1554	4224	-2456
% Change	-11.49%	2.59%	0.90%	-1.67%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-26.14	-187.89	66.7	-1.86
Close	-33	-200.48	91.5	-10.52
Change	-6.86	-12.59	24.8	-8.66
% Change	26.24%	6.70%	37.18%	465.59%

Source: Reuters

Technical Outlook

In the last week, copper gave a positive close by 4.77% with the prices trading in a higher high, higher low & higher close. Prices have now started to trade above the 20 SMA on the daily chart. The 14- period Relative Strength Index (RSI) is currently trading above the 50 mark, signalling market strength. It is likely to trade in a sideways to higher range, testing 1235 towards upside followed by 1270 as an extended target on sustenance above 1185 level.

In the last week, zinc gave a positive close by 2.42%. Prices have convincingly given a cup & handle breakout on the daily chart and holding above breakout level preceded by a retest. It is also trading above 20 day SMA level. The 14- period Relative Strength Index (RSI) is currently trading above the 50 mark, signalling market strength. There is a possibility for it to trade with a bullish bias. Immediate support can be identified at Rs. 325 mark whereas resistance is observed at Rs. 345 followed by 360 on the higher side.

In the last week, aluminium prices closed on a positive note by 1%. The 14- period Relative Strength Index (RSI) is currently trading at 72, positioned above the overbought zone of 70, signalling market strength indicating a pace in the momentum on the higher side. It is also trading above 20 day SMA level. Buying on dips is suggested as bullish stance remains intact. There is a possibility for the prices to trade with a frenzied bull run targeting 380 followed by 400 on the higher side.



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