



Monday, April 27, 2026

Base metals traded in a volatile but broadly supported range over the past week, as a tug-of-war between supply-side disruptions and macroeconomic pressures shaped price action. While physical fundamentals—particularly in China—remained constructive, geopolitical uncertainty and a stronger U.S. dollar intermittently capped upside across the complex.

Copper prices displayed relative resilience throughout the week, supported by a combination of supply constraints and improving demand signals.

On the supply side, persistent shortages of sulphur—a key input in metal processing—continued to restrict upstream production, providing a structural floor to prices. Additionally, declining inventories, particularly on the Shanghai Futures Exchange (SHFE), highlighted tightening spot availability. LME inventories also trended lower, reflecting ongoing withdrawals from Asian warehouses.

Demand-side indicators were largely supportive. China remained a key driver, with stronger-than-expected PMI readings signaling stabilization in manufacturing activity. Seasonal restocking ahead of the May 1–5 Labor Day holiday further boosted physical demand, as reflected in rising Yangshan premiums and significant SHFE inventory draws.

Despite these positives, copper’s upside remained capped at times. Strong Chinese refined output pointed to adequate supply, keeping the market balanced. Moreover, macro headwinds—including geopolitical risks, inflation concerns, and currency strength—continued to weigh on sentiment.

Commodity	Copper	Aluminum	Zinc
Open	1271.25	372.25	347.55
Close	1276.65	374.00	350.20
Change	3.75	10.55	11.10
% Change	0.29%	2.90%	3.27%
Open Int.	4116	867	975
Change	-4422	-1616	-1137
Pivot	1275.4	374.1	350.8
Resistance	1280.7	376.4	354.1
Support	1271.3	371.7	347.0

Looking ahead, the copper market appears structurally supported in the long term. However, forecasts from the International Copper Study Group (ICSG) suggest a potential shift to a surplus of 96,000 tonnes by 2026, driven by slower demand growth and increased secondary production. While near-term supply risks persist, especially in a prolonged conflict scenario, demand uncertainty could limit sustained rallies.

Aluminium prices edged higher during the week, primarily driven by supply-side concerns. The ongoing Middle East conflict has raised fears of a widening global deficit, particularly as production facilities in key regions such as Qatar and Bahrain have suffered damage.

Additionally, elevated power costs have continued to constrain output recovery. Even in the event of easing geopolitical tensions, production is unlikely to return to pre-conflict levels immediately, keeping the supply outlook tight in the near term.

However, aluminium also faces downside risks. Any meaningful progress in U.S.–Iran negotiations could trigger profit booking, especially given the recent price gains. As such, while the underlying supply narrative remains supportive, short-term price action may remain sensitive to geopolitical developments.

Zinc emerged as one of the stronger performers during the week, supported by a tightening fundamental outlook. The International Lead and Zinc Study Group (ILZSG) revised its market balance to a deficit of 19,000 tonnes, a significant shift from the previously expected surplus of 270,000 tonnes. This sharp adjustment underscores a more constrained supply-demand balance than previously anticipated, lending support to prices.

Nickel prices also moved higher, driven by a combination of supply disruptions and raw material shortages. Indonesia, the world's largest producer, has implemented lower ore quotas, tightening supply. Further support came from announcements by Eramet regarding the suspension of operations at its Indonesian nickel mine.

Copper and zinc remain structurally bullish, supported by tight upstream supply and steady demand, with zinc offering catch-up potential. Nickel has a positive bias on supply constraints but is likely to stay volatile. Aluminium is expected to trade sideways amid balanced fundamentals and macro uncertainty.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	398425	278586	386250	111000
Close	392575	277548	376275	102825
Change	-5850	-1038	-9975	-8175
% Change	-1.47%	-0.37%	-2.58%	-7.36%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	240456	64209	478354	146080
Close	201373	66728	480619	143495
Change	-39083	2519	2265	-2585
% Change	-16.25%	3.92%	0.47%	-1.77%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-65.08	-208.5	25.45	-3.19
Close	-62.69	-188.05	77.57	9.19
Change	2.39	20.45	52.12	12.38
% Change	-3.67%	-9.81%	204.79%	-388%

Source: Reuters

## Technical Outlook

In the last week, copper gave a positive close by 1.61% 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 holding well above the overbought 70 mark, signalling market strength. It is likely to trade in a sideways to higher range, testing 1340 towards upside followed by 1390 as an extended target on sustenance above 1260 level.

In the last week, zinc gave a positive close by 3.05%. 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 overbought 70 mark, signalling additional bullishness. There is a possibility for it to trade with a bullish bias. Immediate support can be identified at Rs. 333 mark whereas resistance is observed at Rs. 360 followed by 380 on the higher side.

In the last week, aluminium prices closed on a positive note by 2.94%. 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 395 followed by 410 on the higher side.



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