



Monday, May 18, 2026

Base metals markets remained firm through the week, led by strong gains in copper and aluminium amid persistent supply-side concerns and improving long-term demand sentiment.

A major driver for **copper** rally was Freeport-McMoRan's updated guidance on its Grasberg mine in Indonesia. The company indicated that full production is now expected to resume only by early 2028, slightly later than previous estimates of near-full capacity by end-2027. This reinforced concerns over tighter global copper supply and supported aggressive buying activity across exchanges.

Supply risks were further amplified by ongoing geopolitical tensions in the Middle East. The prolonged U.S.-Iran conflict disrupted exports of sulphur and sulphuric acid from the region, creating shortages of key smelting inputs. China responded by suspending sulphuric acid exports, which in turn pressured Chilean refiners and forced several operations to reduce utilisation rates.

Power-related disruptions in Peru also added uncertainty to the copper market after the government authorised emergency financing support for Petroperu. Expectations of stronger Chinese refined copper imports during the second quarter further improved market sentiment.

Copper continued to benefit from strong structural themes linked to electrification, renewable energy, and datacenter expansion. Investments by major technology companies in AI infrastructure supported optimism around long-term copper demand due to its importance in grid upgrades and power transmission.

Chinese manufacturing activity and industrial demand also remained relatively resilient despite continued weakness in the

Commodity	Copper	Aluminum	Zinc
Open	1380.8	381.4	365.05
Close	1341.6	378.85	363.20
Change	3.75	10.55	11.10
% Change	0.29%	2.90%	3.27%
Open Int.	9612	2953	2146
Change	-4422	-1616	-1137
Pivot	1352.0	380.3	363.5
Resistance	1370.4	383.5	365.8
Support	1323.3	375.6	360.9

property sector. However, toward the latter part of the week, copper prices witnessed some consolidation and profit booking after an extended rally.

A stronger U.S. dollar encouraged funds and traders to reduce bullish positions, while elevated prices weakened near-term buying interest from Chinese fabricators. Copper rod producers in China reported slower order activity as buyers waited for prices to cool. Despite this, inventories at Shanghai Futures Exchange warehouses continued to decline, while the Yangshan copper premium rose sharply, indicating steady import demand. At the same time, weaker-than-expected Chinese economic data capped some upside momentum.

Aluminium prices remained firm throughout the week and touched multi-year highs amid concerns over tightening supply conditions. The market increasingly moved into backwardation, with nearby contracts trading at a premium to longer-dated contracts, reflecting immediate supply tightness.

Fears of supply disruptions from the Middle East, particularly linked to shipping risks and rising energy costs, further supported aluminium prices. The premium for cash aluminium over the three-month contract surged to its highest level in nearly two decades.

Zinc emerged as another strong performer during the week as prices climbed sharply amid growing concerns over refined metal availability and tightening concentrate supply. Declining treatment charges for zinc concentrate continued to indicate raw material shortages, while inventories at both ports and exchanges remained under pressure.

Additional support came after Nexa Resources temporarily suspended operations at its Cajamarquilla zinc smelter in Peru following a fire that damaged critical infrastructure. The disruption intensified existing concerns after earlier operational issues at Kazzinc. Market participants increasingly focused on the projected refined zinc market deficit for the year, while exchange inventories remained extremely low relative to global consumption levels.

Despite supportive supply fundamentals across the base metals complex, broader macroeconomic signals remained mixed. Markets closely monitored diplomatic discussions between the U.S. and China as President Donald Trump met with Chinese President Xi Jinping to preserve the fragile trade truce and address geopolitical tensions.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	401000	276840	353350	110300
Close	395725	275778	344000	110750
Change	-5275	-1062	-9350	450
% Change	-1.32%	-0.38%	-2.65%	0.41%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	181333	70388	492728	146766
Close	180643	78513	508876	151084
Change	-690	8125	16148	4318
% Change	-0.38%	11.54%	3.28%	2.94%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-51.89	-200.41	59.63	-14.79
Close	-37.5	-192.57	65.41	-4
Change	14.39	7.84	5.78	10.79
% Change	-27.73%	-3.91%	9.69%	-72.95%

Source: Reuters

The outlook for aluminium remains positive amid tightening supply conditions, elevated energy costs, and continued geopolitical risks supporting near-term market tightness. Copper also maintains a constructive outlook driven by supply disruptions, falling inventories, and strong long-term demand linked to electrification and AI-related infrastructure expansion, although prices remain highly sensitive to geopolitical headlines, macro developments, and periodic profit booking after the recent sharp rally. For zinc, supportive supply-side fundamentals appear largely balanced by the significant price gains already seen in recent weeks.

Technical Outlook

MCX Copper (Daily) is trading within a rising wedge pattern, which generally signals a potential slowdown in bullish momentum after a sharp up move. On the levels front, ₹1380 is acting as a strong resistance zone, while ₹1310 remains immediate support, followed by ₹1255 as a stronger base near the lower wedge support. A sustained move above ₹1380 can extend the rally further, whereas a break below ₹1310 may trigger corrective weakness towards ₹1255.

MCX Zinc (Daily) is trading within a rising wedge pattern, indicating a strong uptrend but also signalling a possibility of slowing bullish momentum near higher levels. On the levels front, ₹373 is acting as an immediate resistance zone, while ₹352 remains key support, followed by ₹338 as a stronger base near the lower wedge support. A sustained move above ₹373 can extend the rally further, whereas a break below ₹352 may trigger profit booking towards ₹338.

MCX Aluminium (Daily) is trading within a symmetrical triangle pattern, indicating a consolidation phase before a potential directional breakout. On the levels front, ₹385–₹390 is acting as a key resistance zone, while ₹375 remains immediate support, followed by ₹365 as a stronger base. As long as prices sustain above ₹375, the bullish momentum may continue towards ₹390. However, a break below ₹375 could lead to a corrective move towards ₹365.



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