Monday, May 25, 2026

Base metals markets witnessed heightened volatility this week as geopolitical tensions in the Middle East, fluctuating macroeconomic signals, and evolving supply-demand dynamics continued to influence investor sentiment across copper, aluminium, nickel, and zinc markets.

Commodity	Copper	Aluminum	Zinc
Open	1365.75	384.3	367
Close	1362.65	383.55	367.30
Change	3.95	5.30	6.45
% Change	0.29%	1.40%	1.79%
Open Int.	11923	2993	1575
Change	3369	1681	830
Pivot	1364.2	383.8	367.4
Resistance	1370.5	385.7	368.5
Support	1356.4	381.7	366.2

Copper prices remained volatile throughout the week, initially declining due to profit-booking and a stronger U.S. dollar. Sentiment was also impacted by weak buying activity from China, as consumers preferred to wait for lower prices before entering the market. However, underlying physical demand in China remained relatively stable, supported by falling inventories in Shanghai Futures Exchange warehouses and a sharp rise in the Yangshan copper premium since February.

Market concerns over global growth intensified after weaker-than-expected Chinese economic data. Retail sales growth slowed to its weakest pace since late 2022, while industrial production and fixed-asset investment also missed expectations, raising concerns about manufacturing demand.

Despite these pressures, copper recovered part of its losses later in the week. Support came from declining inventories in LME warehouses, where available stocks dropped to a ten-week low. Additional optimism emerged after Chile lowered its copper production outlook, increasing concerns over future supply tightness. Copper also continued to benefit from strong long-term demand expectations linked to artificial intelligence, electrification, and data center infrastructure.

Aluminium remained one of the strongest performers this week as geopolitical tensions heightened fears of supply disruptions from the Middle East. Concerns escalated following the closure of the

Strait of Hormuz after U.S.-Israeli strikes on Iran, creating uncertainty around regional metal and energy supplies.

The aluminium market moved deeper into backwardation, with nearby contracts trading at a premium to longer-dated contracts, reflecting tight short-term supply conditions. The premium for cash aluminium over the three-month contract rose to 19-year highs.

Further support came from tightening inventories. LME aluminium stocks continued to decline and are now at their lowest levels since October 2022. Stronger aluminium prices also encouraged some producers, particularly in Indonesia, to shift focus toward aluminium production due to improved profit margins.

Zinc prices advanced during the week after data from the International Lead and Zinc Study Group (ILZSG) showed that the global zinc market surplus narrowed significantly in March compared to the previous month. Although the refined zinc market remained in surplus during the first quarter overall, the reduction in excess supply supported market sentiment.

Nickel prices also strengthened amid renewed concerns over supply conditions in Indonesia. Market attention focused on reports that China's Tsingshan Group requested nickel producers at its Weda Bay industrial park to divert power toward aluminium production. The move is expected to reduce nickel pig iron output and potentially tighten global nickel supplies.

At the same time, disappointing economic data from China raised fresh concerns about the strength of industrial activity and metals demand. Weak retail sales, slower industrial production growth, and declining fixed-asset investment highlighted ongoing pressure within the Chinese economy.

Copper markets will continue monitoring global supply conditions, particularly after Chile's reduced production outlook and declining exchange inventories. Aluminium prices may remain supported if disruptions in the Middle East persist and inventories continue to tighten. Meanwhile, nickel and zinc are likely to take direction from evolving supply conditions and broader industrial demand trends. Overall, market volatility is expected to remain elevated as investors balance supply-side risks against concerns over slowing global economic growth and inflationary pressures.

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	393400	275562	341775	109925
Close	391900	279072	339475	111025
Change	-1500	3510	-2300	1100
% Change	-0.38%	1.27%	-0.67%	1.00%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	180643	78513	508876	151084
Close	183447	79754	515830	153278
Change	2804	1241	6954	2194
% Change	1.55%	1.58%	1.37%	1.45%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	-51.89	-192.57	65.41	-14.79
Close	-52.66	-194.37	70.78	-12.73
Change	-0.77	-1.8	5.37	2.06
% Change	1.48%	0.93%	8.21%	-13.93%

Source: Reuters

Technical Outlook

Prices are currently consolidating near the 20 EMA and lower band of the wedge, suggesting a crucial support zone where buyers are attempting to stabilize the trend after recent profit booking from the highs near ₹1400. On the levels front, ₹1375–₹1400 is acting as an immediate resistance zone, while ₹1342 remains key support, followed by ₹1315 as a stronger downside base. A sustained move above ₹1375 can revive bullish momentum towards ₹1400 and higher, whereas a break below ₹1342 may trigger deeper correction towards ₹1315.

The price is sustaining above the 20 EMA, reflecting positive momentum and steady buying interest at lower levels. On the levels front, ₹370 remains the key breakout resistance, and a decisive move above this level can trigger fresh upside momentum towards ₹380. On the downside, ₹362 is immediate support, followed by ₹350 as a stronger base. Overall, the setup favours a buy-on-dips approach, with bullish bias strengthening on a breakout above ₹370.

MCX Aluminium (4H) is trading within a rising wedge pattern, indicating that the broader uptrend remains intact but momentum is gradually slowing near higher levels. Prices are currently consolidating near the upper half of the wedge while sustaining around the 20 EMA, suggesting that buyers are still active despite short-term sideways movement. On the levels front, ₹388 is acting as an immediate resistance zone, followed by ₹400 as the next upside target. On the downside, ₹379 remains key support, with ₹371 acting as a stronger base near the lower wedge support. A sustained move above ₹388 can extend the rally towards ₹400, whereas a break below ₹379 may trigger corrective weakness. Overall, the setup favours a buy-on-dips approach, while traders should monitor for any wedge breakdown confirmation.

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