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Copper and aluminium markets remained primarily driven by supply-side tightness, geopolitical uncertainty, and the ongoing debate surrounding potential U.S. tariffs on refined copper imports. While macroeconomic concerns and demand uncertainties periodically weighed on sentiment, tightening physical availability provided some underlying support across the metals complex.

Copper markets continued to reflect growing concerns over global supply availability. Chile, the world's largest copper producer, reported its weakest April production in more than two decades, reinforcing concerns about constrained mine output. At the same time, limited sulphuric acid availability has raised additional questions regarding future production levels at several operations.

Physical market indicators also highlighted tightening conditions. Inventories available in LME warehouses continued to decline as traders redirected material toward the United States to capitalize on higher COMEX prices. By the end of the week, available LME stocks had fallen significantly, while inventories on the Shanghai Futures Exchange also declined to their lowest levels since late December. These developments suggest that readily available copper outside the U.S. market is becoming increasingly scarce.

The market's primary focus remains the U.S. Department of Commerce's expected recommendation on refined copper import tariffs due by the end of June. Anticipation of potential tariffs has created substantial regional price distortions, with COMEX copper maintaining a notable premium over LME prices throughout the week.

The arbitrage opportunity has encouraged continued shipments of copper into the United States, resulting in record-high inventories within COMEX warehouses while simultaneously tightening supplies in other regions. Market participants expect any implementation of refined copper tariffs to further widen regional premiums and reshape global trade flows. Conversely, a delay or absence of tariffs could trigger a correction in U.S. copper prices and physical premiums.

Commodity	Copper	Aluminum	Zinc
Open	1372.3	388.3	368.9
Close	1336.15	384.40	365.00
Change	-12.60	-1.55	-0.05
% Change	-0.93%	-0.40%	-0.01%
Open Int.	16896	3626	2627
Change	-551	-363	119
Pivot	1346.5	385.6	366.6
Resistance	1362.0	388.1	368.8
Support	1320.7	382.0	362.8

Aluminium emerged as one of the strongest-performing industrial metals during the week. Supply concerns intensified following escalating geopolitical tensions in the Middle East, a region accounting for roughly 9% of global aluminium smelting capacity. Concerns regarding disruptions to trade routes and raw material flows heightened fears of potential supply shortages.

Physical market indicators reflected these concerns. The premium of cash aluminium over three-month contracts surged to levels not seen in nearly two decades, highlighting an increasingly tight spot market. The persistent backwardation structure suggests consumers remain willing to pay significant premiums for immediate metal availability.

Developments in the Middle East remained a key market driver. Rising tensions and uncertainty surrounding U.S.-Iran negotiations increased concerns about disruptions to commodity supply chains and transportation routes.

While geopolitical risks generally supported metals through supply-side concerns, they also introduced uncertainty regarding global economic growth. Market participants continued to balance the risk of weaker industrial demand resulting from prolonged geopolitical instability against the prospect of further supply disruptions across key commodity markets.

China continued to provide mixed signals for industrial metals demand. On the positive side, reports suggesting increased lending activity by Chinese banks reinforced expectations that policymakers remain committed to supporting economic growth. Manufacturing activity also continued to expand, offering some support to the broader demand outlook.

However, signs of softer physical demand emerged toward the end of the week. The Yangshan copper premium, a closely watched indicator of Chinese import demand, declined sharply to a five-week low. This suggests that while policy support remains constructive, underlying consumption growth remains uneven.

Outlook

Copper market direction will likely be driven by three key factors: U.S. decision on refined copper tariffs, pace of inventory declines outside US, and developments in Middle East geopolitics. While tightening inventories and supply disruptions continue to provide periodic support; macroeconomic headwinds, a stronger U.S. dollar, and lingering demand uncertainty, particularly from China are likely to keep prices in a broad range.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	386050	276444	337700	113300
Close	379225	274236	333200	110950
Change	-6825	-2208	-4500	-2350
% Change	-1.77%	-0.80%	-1.33%	-2.07%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	176414	83258	516357	154297
Close	169512	86558	524491	155762
Change	-6902	3300	8134	1465
% Change	-3.91%	3.96%	1.58%	0.95%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-36.29	-194.85	101.18	-21.65
Close	-29.18	-220.93	54.89	-19.75
Change	7.11	-26.08	-46.29	1.9
% Change	-19.59%	13.38%	-45.75%	-8.78%

Source: Reuters

Technical Outlook

In the last week, copper gave a negative close by 0.93% with the prices giving a consolidation range breakdown. Prices have now started to trade below the 20 SMA on the daily chart. The 14-period Relative Strength Index (RSI) is trading below midpoint 50 mark, signalling market weakness. It is likely to trade in a sideways to lower range, testing 1295 towards downside as long as it sustains below 1365 level.

In the last week, zinc gave a flat close. Prices are witnessing a corrective fall from the recent highs indicating profit booking. It is also trading below 20 day SMA level. There is a possibility for it to trade with a neutral to negative bias. Any decisive break below 360 level might initiate a fresh selling. Immediate support can be identified at Rs. 350 mark whereas resistance is observed at Rs. 372.

In the last week, aluminium prices closed on a negative note by -0.40%. The 14-period Relative Strength Index (RSI) is currently dwelling around midpoint 50 mark indicating range bound movement. It is also trading below 20 day SMA level. Selling on rise is suggested as lower high, lower low & lower close setup remains intact. There is a possibility for the prices to trade in sideways to lower range suggesting neutral to negative bias. Any directional move below 380 level on the lower side could lead to decline in the prices targeting 370 towards downside.



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