Monday, July 27, 2026

Base metal markets remained broadly supported during the week, with tightening physical supply conditions continuing to outweigh macroeconomic headwinds. Copper was the standout performer, rallying to multi-week highs on persistent inventory drawdowns, strengthening Chinese physical demand and growing expectations of U.S. import tariffs. Aluminium, however, remained under pressure as improving supply prospects offset ongoing geopolitical disruptions, while zinc continued to strengthen on tightening spot market conditions.

Commodity	Copper	Aluminum	Zinc
Open	1317.55	345.45	381.75
Close	1320.75	343.20	383.90
Change	18.40	0.25	10.75
% Change	1.41%	0.07%	2.88%
Open Int.	8889	1226	1776
Change	-3070	-1989	-754
Pivot	1319.4	343.5	383.1
Resistance	1327.9	346.0	385.8
Support	1312.3	340.7	381.1

Copper prices extended their rally throughout the week, driven primarily by exceptionally tight physical market fundamentals. Inventories across major exchanges continued to decline sharply as material was redirected to the United States ahead of a potential decision on refined copper import tariffs. LME inventories fell to their lowest levels since March, while available on-warrant stocks dropped to their lowest since January as cancelled warrants rose to nearly 60% of total inventories, highlighting continued withdrawals from exchange warehouses. Similarly, inventories on the Shanghai Futures Exchange declined to multi-month lows, reinforcing the tightening global supply picture.

China remained a key source of support for copper prices. Physical market indicators strengthened considerably despite the typical seasonal slowdown in demand. Spot premiums over SHFE futures surged to their highest level since May 2025, while the Yangshan copper premium climbed above $100 per tonne to its highest level in more than a year, reflecting robust import demand and limited availability of refined copper. Chinese refined copper imports also rose to a nine-month high in June as smelter maintenance reduced domestic production, forcing consumers to rely more heavily on imports. Stronger-than-expected Chinese export data further reinforced confidence in the country's industrial demand outlook.

Expectations surrounding U.S. trade policy also remained a dominant market driver. Traders continued to increase shipments of copper into the United States amid growing speculation that the Trump administration could impose tariffs on refined copper imports. This resulted in a widening premium between COMEX and LME copper prices, reflecting tightening availability outside the United States. Although the uncertainty surrounding the timing and magnitude of potential tariffs contributed to higher market volatility, the ongoing movement of metal into the U.S. continued to tighten global physical supply and underpin prices.

Supply-side risks remained elevated throughout the week. Escalating geopolitical tensions in the Middle East renewed concerns over potential disruptions to sulphur exports through the Strait of Hormuz. Sulphuric acid, a critical input used in copper leaching operations, remains an important risk for global copper production, particularly in Chile. In addition, adverse weather conditions disrupted mining operations and port activities in Chile, while major producers continued to report weaker production. Antofagasta posted a decline in first-half copper output, and BHP warned that Chilean production is expected to fall next year, reinforcing concerns over future mine supply.

Despite the supportive supply picture, macroeconomic headwinds continued to cap further gains. A stronger U.S. dollar and higher crude oil prices fuelled concerns over persistent inflation and slower global economic growth. Markets also reacted to the announcement of a new U.S. tariff framework covering several major trading partners, which raised concerns over global trade and industrial activity. Nevertheless, these factors had only a limited impact on copper prices as exceptionally tight physical market conditions continued to dominate investor sentiment.

Aluminium prices remained comparatively weaker during the week as improving production prospects offset supply disruptions in the Middle East. Global primary aluminium production declined in June, primarily due to lower output from the Gulf region following conflict-related disruptions. However, Emirates Global Aluminium continued to accelerate the recovery of production at its Al Taweelah operations, improving expectations that regional supply will gradually normalize over the coming months. At the same time, the United States adjusted its aluminium import tariff framework in an effort to support domestic primary aluminium production. Despite these developments, geopolitical uncertainty and reduced Gulf production continued to provide some underlying support to aluminium prices.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	295275	273222	279775	109150
Close	272975	267342	271275	103725
Change	-22300	-5880	-8500	-5425
% Change	-7.55%	-2.15%	-3.04%	-4.97%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	79909	99316	476284	151801
Close	69610	99783	455092	150567
Change	-10299	467	-21192	-1234
% Change	-12.89%	0.47%	-4.45%	-0.81%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	-24.62	-194.09	11.01	18.31
Close	8.8	-194.56	15.25	49.7
Change	33.42	-0.47	4.24	31.39
% Change	-135.74%	0.24%	38.51%	171.44%

Source: Reuters

Copper is expected to remain well supported in the near term, underpinned by tightening physical supplies, falling exchange inventories, resilient Chinese demand and ongoing uncertainty surrounding U.S. import tariffs. However, macroeconomic headwinds, including a stronger U.S. dollar and evolving trade policies, could limit sharp upside. Aluminium is likely to remain under pressure as recovering Gulf production and improving global supply offset support from low inventories and geopolitical risks. Meanwhile, zinc is expected to trade with a sideways-to-positive bias, supported by tightening physical market conditions, constrained mine supply and improving near-term demand.

Technical Outlook

MCX Copper has traded in a rising channel forming higher highs and higher lows pattern which signifies strength in price for short-term. The metal after marking a high of ₹1346.50 has turned lower and closed but failed to break below the key support zone of ₹1310 – 1305 of lower bound of rising channel. In short-term as long as price holds above the support zone bias remains positive and dip buying is recommended. The counter is likely to target the recent high of ₹1346 and is likely to extend the move till ₹1355 mark. So buying is advised, but our bias will negate below ₹1305 on a sustainable basis

MCX Zinc has traded with positive bias since the start of the previous week and has marked a high of ₹386.90. However, it failed to extend it rally and closed at ₹383.90. Major support for the counter is at ₹372 and bias is likely to remains positive as long as price holds above the same. Price sustained break above the recent high will confirm further bullish move and will lead the rally towards ₹392 – 397 levels in the medium term. So, dip buying is recommended but our bias will negate below recommended horizontal support

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