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Base metals continued to trade with a firm underlying tone, supported by tightening physical markets, declining exchange inventories and persistent supply-side risks. Copper remained the strongest metal, with prices moving close to record levels as the LME market tightened sharply. Zinc also maintained a constructive trend, while aluminium remained fundamentally tight but faced greater upside constraints from improving supply prospects and rising Chinese exports.

Commodity	Copper	Aluminum	Zinc
Open	1370.65	346.1	393.45
Close	1378.3	348.55	399.60
Change	12.80	-2.00	10.50
% Change	0.94%	-0.57%	2.70%
Open Int.	9556	3666	2995
Change	-854	-1663	243
Pivot	1375.7	347.4	397.6
Resistance	1384.2	350.5	402.6
Support	1369.8	345.4	394.6

Copper remained strongly supported by an increasingly tight physical market. LME copper inventories have continued to decline, with readily available stocks falling sharply as both the U.S. and China compete for metal. The cash contract has traded at a substantial premium to three-month copper, with the spot premium reportedly reaching more than **$500/t**, highlighting acute nearby supply tightness.

The U.S. tariff situation remains an important structural driver of copper flows. Continued movement of copper towards the U.S. has reduced availability in other regions, while expectations surrounding refined copper tariffs have encouraged traders to build inventories ahead of potential policy changes. This has created a growing divergence between U.S. and rest-of-world inventories and is tightening the LME market. The recent **DRC decision to ban copper and cobalt concentrate exports** has added another layer of supply uncertainty, particularly given already-low treatment charges and competition among smelters for concentrate.

Supply risks remain elevated beyond the DRC. Sulphur and sulphuric acid availability continues to be a concern for SX-EW copper producers in Chile and the DRC. Disruptions to Middle Eastern sulphur flows and China's restrictions on sulphuric acid

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exports have increased the risk of higher production costs and potential output disruptions. Chile is particularly exposed, with sulphuric acid-based processes accounting for a significant portion of its refined copper production. Demand fundamentals have also remained supportive. Chinese copper demand continues to benefit from grid investment, electrification, renewable energy, EVs and AI-related infrastructure, while North American demand is supported by data-centre and energy infrastructure investment. However, elevated prices and weaker traditional sectors remain constraints on demand growth.

Zinc maintained a positive bias, with prices reaching around four-year highs earlier in August. LME zinc inventories have continued to decline, falling to around **88,000 tonnes by 14 August**, while the cash contract remained at a substantial premium over the three-month contract, reflecting tight nearby availability. The zinc market continues to benefit from constrained mine supply and low treatment charges, indicating limited availability of concentrate for smelters. The narrowing global surplus reported earlier in the year and declining exchange inventories have strengthened the underlying market balance. While improving supply from new projects could eventually ease tightness, near-term fundamentals remain supportive.

Aluminium has presented a more mixed picture. LME aluminium inventories fell to around **248,300 tonnes by 14 August**, the lowest level since 1990, highlighting exceptionally tight exchange stocks. However, prices have not responded proportionately because the market continues to anticipate supply recovery from the Gulf, rising Indonesian production and increased Chinese exports. The key concern for aluminium is therefore the contrast between extremely low inventories and improving prospective supply. Recovery at Gulf smelters, higher Indonesian shipments and stronger Chinese exports could gradually ease the physical deficit. This limits the scope for sustained upside despite the historically tight inventory position.

Outlook: Copper remains positive, supported by exceptional physical tightness, falling inventories and supply risks, although elevated prices and tariff uncertainty could increase volatility. **Zinc retains a sideways-to-positive bias**, with tight spot availability, low inventories and constrained mine supply providing support. **Aluminium remains neutral to slightly weak**, as improving supply prospects and higher Chinese exports could offset the bullish signal from extremely low LME inventories.

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	218300	264444	254900	97125
Close	204975	264732	248300	88000
Change	-13325	288	-6600	-9125
% Change	-6.10%	0.11%	-2.59%	-9.40%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	70116	100395	435739	151657
Close	69731	101387	422097	154773
Change	-385	992	-13642	3116
% Change	-0.55%	0.99%	-3.13%	2.05%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	416.29	-197.7	-2.76	106
Close	471.75	-206	-2.5	95
Change	55.46	-8.29	0.26	-11
% Change	13.3%	4.2%	-9.4%	-10.4%

Source: Reuters

Technical Outlook

MCX Copper continues to maintain a positive bias after breaking out of the symmetrical triangle and sustaining above the 20 EMA. The recent consolidation near higher levels indicates that the bullish structure remains intact. The ₹1,370–₹1,365 zone acts as an important support area, and dip buying can be considered near this zone as long as prices sustain above ₹1,355. On the upside, ₹1,410 remains the immediate resistance, followed by ₹1,430. A sustained move above ₹1,410 could further strengthen the bullish momentum. Overall, the outlook remains positive above ₹1,355, with ₹1,370–₹1,365 emerging as a potential dip-buying zone. A decisive break below ₹1,355 would weaken the current bullish setup.



MCX Zinc continues to trade with a positive bias within a rising wedge, with prices sustaining above the 20 EMA and maintaining a higher-high, higher-low formation. After the recent upmove, a small correction towards ₹390 can be expected, which is likely to act as an important support zone. The ₹390 level should be closely watched for price action — sustenance above this zone can trigger a reversal and recovery towards ₹410–420, while a decisive break below ₹390 may weaken the structure and drag prices towards the next support at ₹380. Overall bias remains positive as long as ₹390 holds.



MCX Aluminium continues to maintain a positive bias after forming an ascending triangle, with prices sustaining above the 20 EMA. The recent correction from the ₹360 resistance zone has found support near the ₹343 level, followed by a recovery. The ₹345–₹343 zone can act as a potential dip-buying area as long as prices sustain above ₹343. On the upside, ₹360 remains the immediate resistance, followed by ₹370. A sustained breakout above ₹360 can further strengthen the bullish momentum. Overall, the outlook remains positive above ₹343, while a decisive break below ₹343 could drag prices towards the next support at ₹335.



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