

Monday, August 24, 2026

Base metals remained broadly supported during the week, although price action became increasingly differentiated across the complex. Copper continued to show the strongest fundamentals, with extreme physical tightness and U.S.-driven inventory dislocation supporting prices. Zinc remained constructive, while aluminium faced greater headwinds as Chinese exports increasingly offset supply disruptions elsewhere.

Commodity	Copper	Aluminum	Zinc
Open	1376.95	347.5	403.65
Close	1385.35	347.90	407.65
Change	7.05	-0.65	8.05
% Change	0.51%	-0.19%	2.01%
Open Int.	7352	2596	2165
Change	-2204	-1070	-830
Pivot	1383.5	347.7	406.6
Resistance	1391.4	348.7	409.5
Support	1377.4	346.8	404.7

Copper remained the key outperformer, with the market witnessing an exceptional squeeze in LME physical availability. LME copper briefly surged to a record $14,912/t, while the cash premium over three-month copper reached around $545/t, reflecting acute nearby tightness. The squeeze was partly driven by very low available LME stocks and concentrated long positions, prompting fresh deliveries into LME warehouses.

The underlying copper market nevertheless remains fundamentally tight. The continued arbitrage between CME/COMEX and LME has encouraged copper to flow towards the U.S. ahead of potential refined copper tariffs, reducing availability in Europe and Asia. U.S. inventories have consequently risen sharply, while the rest of the world's exchange stocks have remained comparatively constrained. The tariff premium therefore continues to distort global trade flows and remains an important driver of copper prices.

Supply-side concerns have also strengthened the medium-term outlook. The DRC's recent restrictions on copper concentrate exports have added another layer of uncertainty around concentrate availability and regional smelter feed. At the same time, very low treatment charges continue to signal tightness in the concentrate market. However, the impact of the DRC measure needs to be assessed carefully, as some producers have clarified

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that restrictions on un-beneficiated concentrate exports have existed for several years and certain operations have operated under specific derogations.

The sharp rise in copper prices has also increased the risk of near-term volatility. The recent inflow of more than 38,000 tonnes into LME warehouses has already eased some of the extreme backwardation, demonstrating that high prices can attract metal back into the exchange system. Nevertheless, the broader supply-demand picture remains supportive, particularly given structural demand from electrification, power infrastructure and AI-related investment.

Zinc retained a constructive tone, supported by tightening exchange availability and constrained mine supply. Low treatment charges remain a key indicator of limited concentrate availability, while declining inventories and stronger nearby pricing continue to point towards a relatively tight spot market. The broader zinc balance has also been improving as mine supply remains constrained. This keeps the downside relatively limited, although zinc lacks the extreme supply squeeze currently evident in copper.

Aluminium, in contrast, remained the weaker component of the base-metals complex. LME inventories have fallen to their lowest level since 1990, reflecting significant supply-chain disruption following the loss of Gulf production during the Iran conflict. Gulf primary aluminium output has fallen by around 2 million tonnes per year, creating a substantial regional supply deficit.

However, the extremely low LME inventory levels have not translated into a comparable price response. A key reason is the increasing availability of Chinese aluminium products in international markets. China has significantly increased exports of aluminium alloys and semi-finished products, with first-half alloy exports almost doubling and semi exports rising 18% year-on-year. Record June exports have helped compensate for the loss of Gulf supply and have reduced pressure on Western physical markets.

Copper remains positive, supported by structural supply constraints, exceptionally tight physical availability and continued U.S. stockpiling, although the recent squeeze increases the probability of short-term volatility and corrections. Zinc remains sideways to positive, with low treatment charges, constrained mine supply and tight spot availability providing support. Aluminium remains neutral to slightly weak, as strong Chinese exports and recovering regional supply are increasingly offsetting the bullish signal from historically low LME inventories.

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	207825	264762	246925	86825
Close	240250	268488	246925	93250
Change	32425	3726	0	6425
% Change	15.60%	1.41%	0.00%	7.40%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	69731	101387	422097	154773
Close	89548	101782	403797	155954
Change	19817	395	-18300	1181
% Change	28.42%	0.39%	-4.34%	0.76%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	416.29	-197.71	-2.76	106
Close	61.32	-163.01	-11.98	126.18
Change	-354.97	34.7	-9.22	20.18
% Change	-85.27%	-17.55%	334.06%	19.04%

Source: Reuters

Technical Outlook

MCX Copper continues to trade with a positive bias after sustaining above the 20 EMA, while prices are approaching the upper boundary of the Symmetrical Triangle near the 1410 resistance zone. A decisive breakout above 1410 could accelerate momentum towards 1430 (R1). In the near term, a healthy pullback towards 1370–1365 is possible, and this zone is expected to act as a strong support area. If prices sustain around these levels, it could provide a dip-buying opportunity for the next leg of the uptrend. However, a break below 1340 may weaken the near-term bullish momentum. Bullish bias remains intact as long as 1365 holds, with 1370–1365 being the key zone to watch for buying interest on dips.



MCX Zinc has resumed its bullish momentum after witnessing a strong breakout from the rising channel and is now trading well above the 20 EMA, indicating sustained buying interest. Prices are approaching the immediate resistance zone of 415, while a decisive move above this level could extend the rally towards 425. On the downside, a minor correction towards 405 is possible, which is expected to act as the first support zone. If prices sustain around 405, it could provide an opportunity for the next leg of the uptrend. However, a break below 400 may weaken the near-term momentum and trigger deeper profit booking. Bullish bias remains intact as long as 400 holds, with 405 being the key level to watch during any pullback.



MCX Aluminium is trading in a positive structure after sustaining above the 20 EMA, although prices have entered a consolidation phase below the 360 resistance zone. The broader setup remains constructive as long as the ascending trendline continues to hold. In the near term, a healthy pullback towards 343 is possible, and this level is expected to act as the first support zone. If prices sustain around 343, it could offer a dip-buying opportunity for the next leg of the uptrend. A decisive breakout above 360 (R1) may open the way towards 370 (R2), while a break below 335 could weaken the near-term bullish structure. Bullish bias remains intact as long as 343 holds, with 343 being the key level to watch for buying interest on dips.



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