

Tuesday, September 15, 2026

Base metals saw a sharp shift in sentiment during the week, with the complex retreating from recent highs as the U.S. copper tariff narrative weakened and the stronger dollar and tighter monetary-policy expectations weighed on industrial metals. Copper recorded its first weekly decline after a prolonged rally, while zinc and aluminium also corrected. Despite the pullback, physical fundamentals remain relatively supportive, particularly for copper and zinc.

Copper remained the focal point of the market after prices reached a record high of around $14,875/t before reversing sharply. The sell-off was triggered by reports that the White House had delayed a decision on refined copper tariffs amid concerns over the impact of higher metal prices on U.S. manufacturing and consumer affordability. This caused the CME-LME premium to collapse and prompted liquidation of bullish positions.

The tariff uncertainty has become increasingly important because expectations of U.S. duties had encouraged substantial quantities of copper to flow into the country. COMEX inventories have risen sharply, while LME and SHFE inventories remain relatively low. LME copper stocks stood at around 234,475 tonnes at the end of last week, with approximately half of the inventory cancelled for delivery. SHFE stocks fell to around 54,780 tonnes, their lowest level since January 2024, highlighting continued tightness in Asian availability.

However, the recent rise in LME inventories and easing of the cash premium suggest that the extreme physical squeeze is beginning to moderate. The LME cash-to-three-month spread moved from a significant backwardation to around a small contango by the end of last week, while available stocks increased. This could limit near-

Commodity	Copper	Aluminum	Zinc
Open	1377.4	350.3	419.15
Close	1378.35	348.15	418.75
Change	-0.20	0.55	0.45
% Change	-0.01%	0.16%	0.11%
Open Int.	9778	3412	2481
Change	-994	-892	-296
Pivot	1379.6	349.3	418.6
Resistance	1387.7	352.2	422.0
Support	1370.2	345.3	415.4

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term upside if copper held in U.S. warehouses begins returning to international markets following greater clarity on tariffs. Nevertheless, the underlying supply picture remains constructive, and the large concentration of copper in U.S. inventories continues to distort global availability.

Zinc also corrected after reaching above $4,000/t, with prices falling around 2% during the week. Despite the decline, the physical market remains tight. LME zinc inventories fell to approximately 109,575 tonnes, while the cash-to-three-month spread remained in a substantial backwardation of around $156.5/t. This indicates that nearby metal continues to command a significant premium despite some increase in available warrants.

The underlying zinc market continues to benefit from constrained mine supply and extremely low treatment charges. Smelters are facing increasing difficulty securing concentrate, while the tight concentrate market is limiting the potential for sustained growth in refined production. Although speculative positioning remains elevated and could create short-term volatility, the physical fundamentals remain supportive. Zinc therefore retains a sideways-to-positive bias.

Aluminium remained rangebound, amidst exceptionally low exchange inventories. LME aluminium stocks stood at approximately 244,100 tonnes, close to their lowest level since 1990. More importantly, the cash-to-three-month spread moved into a $24/t backwardation, indicating that nearby physical metal is still commanding a premium.

However, aluminium's price performance remains constrained by expectations of improving supply. Gulf production continues to recover gradually, although Emirates Global Aluminium is not expected to return to full-scale production until Q1 2027. Chinese exports and increasing availability from Indonesia are also helping offset part of the supply disruption caused by the Middle East conflict. As a result, historically low LME stocks have not translated into sustained price strength.

Outlook: Copper prices remain sideways to pressured amidst uncertainty over U.S. tariffs and rising LME inventories. Zinc remains sideways to positive, supported by tight concentrate availability, low treatment charges and strong backwardation. Aluminium remains neutral, as exceptionally low LME stocks are being offset by improving supply prospects and rising availability from China and other producers.

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	242900	274332	243850	109550
Close	249225	278580	243600	111225
Change	6325	4248	-250	1675
% Change	2.60%	1.55%	-0.10%	1.53%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	63000	99303	364702	148661
Close	54780	97549	347683	149914
Change	-8220	-1754	-17019	1253
% Change	-13.05%	-1.77%	-4.67%	0.84%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	-10.38	-148.05	24.03	156.47
Close	-86	-145	35	138.72
Change	-75.62	3.05	10.97	-17.75
% Change	728.52%	-2.06%	45.65%	-11.34%

Source: Reuters

Technical Outlook

In the last week, copper gave a flat close with the prices witnessing a roller coaster ride throughout the week. Prices have now started to hover around the 20 SMA on the daily chart. The 14- period Relative Strength Index (RSI) is trading below midpoint 50 mark, signalling a neutral to negative stance. It is likely to remain sideways in a sideways to lower range. Selling on rise is suggested till it holds below 1400 mark testing 1335 on the lower side.



In the last week, zinc gave a closing on the flat note. Prices are witnessing a renewed buying interest from the recent lows indicating fresh buying. It is also trading above 20 day SMA level. The 14 period RSI is trading above midpoint 50 mark suggesting positive strength in the momentum. There is a possibility for it to trade with a neutral to positive bias in a broader consolidation. Immediate support can be identified at Rs. 399 mark whereas resistance is observed at Rs. 437.



In the last week, aluminium prices closed on a positive note by 0.16%. The 14- period Relative Strength Index (RSI) is dwelling around midpoint 50 mark. It is also hovering around 20 day SMA level. There is a possibility for the prices to trade in sideways to higher range suggesting neutral to positive bias. It is also trading amidst a triangular pattern. The overall view remains bullish till it holds above Rs. 335 level with view targeting Rs. 365 on the higher side.



Navneet Damani	**Research-Head**	**navneetdamani@motilaloswal.com**
Pareen Pattni	**Analyst: Metals**	**Pareen.pattni@motilaloswal.com**

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For any details contact:

Commodities Advisory Desk - +91 22 3958 3600
commoditiesresearch@motilaloswal.com

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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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