

Monday, September 21, 2026

Base metals recovered during the week as stronger Chinese physical demand and tightening regional availability helped offset pressure from a stronger dollar, elevated interest-rate expectations and continued uncertainty over U.S. refined copper tariffs. Copper led the recovery, gaining ~2% for the week after the sharp correction seen earlier in September. Zinc also strengthened 3.5%, while aluminium remained relatively range-bound. The broader complex continues to be supported by tight physical markets, although high prices and macroeconomic headwinds could limit further gains.

Copper witnessed strong recovery after falling below $14,000/t at the start of the week. The rebound was primarily driven by stronger Chinese physical buying. The Yangshan copper premium climbed to around $121–124/t, its highest level since 2022, indicating improved demand for imported copper.

Chinese inventories remain supportive, with SHFE copper stocks around 55,000–56,000 tonnes, close to their lowest level since early 2024. Tight domestic scrap availability has also delayed the restart of some Chinese smelting capacity. At the same time, LME copper inventories increased to near 255,100 tonnes, indicating some easing in immediate LME tightness. However, available LME stocks remain considerably lower than total inventory because a significant portion remains cancelled.

The U.S. tariff situation remains an important source of volatility. The absence of a final decision on refined copper tariffs has reduced the incentive for further U.S. stockpiling, while the collapse in the CME-LME premium has slowed additional metal flows into the U.S. Nevertheless, the potential release of U.S.-held inventories into the global market remains a key downside risk if tariffs are delayed or abandoned.

Commodity	Copper	Aluminum	Zinc
Open	1393.6	351.85	426.45
Close	1403.05	353.15	433.05
Change	24.70	5.00	14.30
% Change	1.79%	1.44%	3.41%
Open Int.	8631	3163	2022
Change	-1147	-249	-459
Pivot	1400.3	352.9	429.5
Resistance	1407.6	356.0	438.3
Support	1395.7	350.0	424.3

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Zinc also recovered during the week, with LME cash prices rising from $3,951/t on September 14 to $4,010/t on September 18. The metal briefly moved back above $4,000/t as tight concentrate availability and deeply negative treatment charges continued to support the market.

LME zinc inventories increased moderately to around 115,300 tonnes by September 18 from 109,550 tonnes at the start of the week. Despite this rise, stocks remain relatively low compared with historical levels. More importantly, the LME curve continues to show strong backwardation, with the cash price around $97/t above the three-month contract on September 18, highlighting continued tightness in nearby metal.

The fundamental backdrop remains constructive, particularly on the supply side. Lower mine output and constrained concentrate availability are keeping treatment charges under pressure and limiting smelter margins. However, zinc's strong speculative positioning and relatively weak construction-sector demand remain risks to the rally. Hence, further gains could be volatile and prone to periodic profit-taking.

Aluminium remained comparatively subdued. LME inventories declined marginally to around 242,600 tonnes, remaining close to historically low levels. The continued disruption to Gulf supply remains supportive, while EGA's full-scale production recovery is not expected until Q1 2027.

However, the supply outlook is becoming less restrictive outside the Gulf. China's August primary aluminium output reached a record 3.98 million tonnes, up 4.7% year-on-year, while January-August production rose 3.9%. Higher Chinese production and improving availability from other regions could limit the upside despite historically low LME stocks.

Outlook: Copper retains a positive bias on strong Chinese physical demand, low SHFE inventories and tight availability, with rising LME stocks, uncertainty over U.S. tariffs and a stronger dollar acting as some headwinds. Zinc remains sideways to positive, supported by tight concentrate availability, low treatment charges and a firm backwardation structure. Aluminium is likely to remain rangebound as historically low LME inventories and Gulf supply disruptions are offset by record Chinese production and improving supply availability from other regions.

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	54780	97549	347683	149914
Close	56073	94324	320954	149016
Change	1293	-3225	-26729	-898
% Change	2.36%	-3.31%	-7.69%	-0.60%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	21.55	-148.05	24.03	156.47
Close	26	-157.53	1.22	95.45
Change	4.45	-9.48	-22.81	-61.02
% Change	20.65%	6.40%	-94.92%	-39.00%

Source: Reuters

Technical Outlook

In the last week, copper gave a positive close by 1.79%. Prices have now started to trade convincingly above the 20 SMA on the daily chart. The 14- period Relative Strength Index (RSI) is trading above midpoint 50 mark, signalling a positive stance. It is likely to remain bullish. Buying on dips is suggested till it holds above 1385 mark testing 1430 followed by 1460 as an extended target.



In the last week, zinc prices gave a positive close by 3.41%. 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 overbought 70 mark suggesting additional positive strength in the momentum. There is a possibility for it to trade with a bullish bias with the view targeting 475 on the higher side.



In the last week, aluminium prices closed on a positive note by 1.44%. 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.



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