

Monday, September 28, 2026

Base metals ended the week on a firmer note, with copper leading the recovery as tightening Chinese availability and seasonal restocking expectations offset concerns over higher interest rates and a stronger dollar. Zinc also gained on renewed supply-side concerns, while aluminium remained comparatively subdued. The broader complex continues to be supported by low inventories and supply constraints, although elevated prices, macro uncertainty and the upcoming Chinese National Day holiday could result in increased volatility.

Copper managed to end the week on a positive note, despite macro headwinds. The key driver was tightening physical availability in China ahead of the National Day holiday. SHFE copper inventories fell 15.9% week-on-week to 47,147 tonnes, while the Yangshan premium remained elevated, highlighting strong demand for imported metal.

The LME market also showed renewed physical tightness. LME copper stocks stood at around 251,500 tonnes at the end of the week, but a significant portion of inventory remained cancelled. The cash-to-three-month spread moved into a substantial backwardation, reaching around $125/t, signalling strong demand for nearby metal. Tight Chinese availability was further reinforced by maintenance-related reductions at some smelters.

Supply concerns also increased following the temporary suspension of operations at BHP's Escondida mine in Chile, the world's largest copper mine, after a fatal workplace accident. While a gradual restart was being assessed, the incident highlighted the limited supply buffer in an already tight market. At the same time, U.S. tariff uncertainty continues to distort global trade flows, with significant quantities of copper having previously moved into U.S. warehouses.

Commodity	Copper	Aluminum	Zinc
Open	1401.7	350.1	445.15
Close	1409.15	349.05	423.05
Change	6.10	-4.10	-10.00
% Change	0.43%	-1.16%	-2.31%
Open Int.	3291	677	408
Change	-5340	-2486	-1614
Pivot	1408.6	350.0	431.6
Resistance	1415.6	352.1	442.5
Support	1402.2	346.9	412.2

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Zinc strengthened the most out of the base metals pack, rising about 1.6% higher WoW. LME stocks increased during the week to around 121,600 tonnes, but the market remained in backwardation continuously.

The primary catalyst was renewed concern around refined zinc supply. Nyrstar announced a strategic review of its Budel smelter in the Netherlands, which is currently loss-making. Although no closure decision has been taken and operations continue normally, the announcement reinforced concerns around smelter economics in an environment of exceptionally tight concentrate availability and deeply negative treatment charges.

Aluminium remained relatively range-bound and underperformed copper and zinc. Despite historically low exchange inventories, the market has not experienced the same degree of physical tightness as copper.

Chinese supply remains the key factor limiting the upside. China's August primary aluminium output reached a record 3.98 million tonnes, up 4.7% year-on-year. The Gulf supply disruption remains a medium-term supportive factor, but improving Chinese availability and high production levels continue to balance the market. The upcoming holiday-related inventory movements will be important in determining whether the recent Chinese stock draw represents seasonal restocking or a more persistent improvement in demand.

Outlook: The macro backdrop remains a near-term headwind for base metals, with a stronger U.S. dollar and elevated Treasury yields reflecting expectations of further Fed tightening. The DXY moved above 100, while the U.S. 10-year yield climbed above 5%, tightening financial conditions and potentially limiting upside in industrial metals. Copper and zinc remain sensitive to these macro headwinds despite supportive physical fundamentals. Aluminium remains rangebound.

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	255875	278526	242200	116850
Close	251500	284946	241375	121600
Change	-4375	6420	-825	4750
% Change	-1.71%	2.30%	-0.34%	4.07%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	56073	94324	320954	149016
Close	47147	92518	306026	146209
Change	-8926	-1806	-14928	-2807
% Change	-15.92%	-1.91%	-4.65%	-1.88%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	21.55	-178.93	1.22	95.45
Close	105.87	-140	-10.78	96.32
Change	84.32	38.93	-12	0.87
% Change	391.28%	-21.76%	-983.61%	0.91%

Source: Reuters

Technical Outlook

MCX Copper has been trading in a rising channel forming higher highs and higher lows pattern which signifies positive trend for the counter. However, the counter has corrected from its recent peak and some more weakness could be possible till ₹1370 which will act as immediate support of rising trend line. Major support is placed at ₹1350 and overall bias remains positive as long as it holds above the same. Price sustained trade above immediate resistance of ₹1422 will lead the rally towards ₹1433 – 1450 mark. So dip buying is advised but our bias will negate below ₹1350



MCX Zinc was trading in a rising channel formation and has marked a high of ₹438.10 and reversed strongly currently trading at ₹415.50. Some more weakness can be seen in the upcoming trading sessions but immediate downside will be limited around ₹410 as it act as immediate support. Price sustained break below the same will confirm further weakness targeting ₹402 – 395 levels. Immediate resistance is capped at ₹426.50. For short-term selling below support is recommended



MCX Aluminum on 240-min chart has been trading in a symmetrical triangle formation and is currently trading close to key support at lower bound of the rising trend line. A sustained break below ₹345 will confirm weakness and will take prices further lower towards ₹338 – 335 levels. Immediate resistance is capped at ₹351.50. So, for short-term selling only on sustained close below support is recommended.



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