

Monday, October 12, 2026

Copper prices recovered 2% last week after dipping 1.3% in the previous week. Chinese buying returned after the holiday, with the Yangshan copper import premium climbing to around $135/t, its highest level in four years, signalling stronger demand for imported metal. The premium reflects improved buying interest even as domestic inventories rebuilt following the holiday.

A strike at Chile's Centinela mine raised concerns over potential production losses from November, while operational disruptions at major mines highlight the vulnerability of global concentrate supply. LME copper inventories declined to approximately 233,025 tonnes, a six-week low, and the cash-to-three-month spread remained in backwardation, indicating tight nearby availability.

The U.S. refined copper tariff decision remains unresolved. Any change in tariff policy could alter the direction of U.S.-bound metal flows and affect global premiums. Nevertheless, stronger Chinese import demand, low LME inventories and mine-supply risks continue to support the market. The key risk is that a stronger dollar, higher borrowing costs or weaker demand after seasonal restocking could trigger some profit-taking.

Zinc remained volatile, with LME three-month prices recovering towards $3,800/t late in the week after witnessing some correction. The market continues to reflect a growing regional imbalance: Western smelters face high energy costs and constrained concentrate availability, while Chinese production and exports are increasing.

China exported 40,668 tonnes of refined zinc in August, the second-highest monthly volume in nearly two decades, and became a net exporter during the first eight months of 2026. These shipments have replenished LME warehouses in Asia and helped ease the earlier squeeze.

Commodity	Copper	Aluminum	Zinc
Open	1412	335.75	417.65
Close	1427.15	335.35	422.05
Change	27.55	-1.25	11.45
% Change	1.97%	-0.37%	2.79%
Open Int.	8346	4840	1993
Change	27	807	-676
Pivot	1422.7	336.0	420.3
Resistance	1433.4	337.9	424.1
Support	1416.5	333.5	418.2

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However, the Western supply outlook remains vulnerable. Refined zinc output in Western markets declined 3.4% year-on-year during the first half of 2026, while the financial viability of Nyrstar's Budel smelter remains a concern. Low treatment charges continue to reflect tight concentrate availability. Although nearby backwardation has eased, it remains positive, signalling residual physical tightness.

Aluminium remained under pressure, reflecting a broader risk-off environment and expectations of improved supply availability. Prices have corrected significantly from their June highs as concerns over Gulf disruptions have eased and additional production capacity, particularly in Indonesia, has become a greater focus.

LME aluminium inventories stood at approximately 238,875 tonnes, remaining historically low. However, lower inventories have not translated into sustained price strength, as available supply and macroeconomic factors continue to dominate sentiment. Chinese production remains elevated, while the potential recovery of Gulf smelting capacity over the coming quarters could gradually ease supply concerns. The pace of recovery remains uncertain, and continued disruption in the region could still tighten the market.

Strong Chinese physical demand, elevated Yangshan premiums, low LME inventories and mine-supply disruptions support further upside in copper prices. For zinc, tight Western concentrate supply and low treatment charges remain supportive, but rising Chinese exports and LME inventories could cap some gains.

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	244900	284970	240375	126975
Close	233025	282864	238875	126850
Change	-11875	-2106	-1500	-125
% Change	-4.85%	-0.74%	-0.62%	-0.10%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	38744	90835	288764	143527
Close	58744	94059	266373	146164
Change	20000	3224	-22391	2637
% Change	51.62%	3.55%	-7.75%	1.84%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	135.81	-187.73	-15.39	61.2
Close	112.5	-187.67	-14.96	67.73
Change	-23.31	0.06	0.43	6.53
% Change	-17.16%	-0.03%	-2.79%	10.67%

Source: Reuters

Technical Outlook

MCX Copper is consolidating near the upper boundary of an ascending triangle, with the 20 EMA providing near-term support. A breakout above the resistance zone could trigger fresh upside momentum. Key levels: Sustaining above 1,410 could keep the bullish structure intact, with a decisive breakout above 1,436 opening the way towards 1,460. A break below 1,410 may trigger a correction towards 1,385. Outlook: Positive bias above 1,410, with a sustained breakout above 1,436 needed for further upside confirmation.



MCX Zinc is consolidating after facing resistance near 440, with prices recovering from the lower channel boundary around 410. The broader uptrend remains intact, although momentum has moderated. Key levels: Sustaining above 410 could support a recovery towards 430–440, while a decisive break down below 410 may extend the correction towards 400. Outlook: Sideways to bullish above 410, with a breakout above 430 required to strengthen upside momentum.



MCX Aluminium is trading near the lower boundary of a falling wedge, with prices approaching the crucial 330 support zone. The near-term outlook remains sideways , and a decisive move beyond the current range is required for directional confirmation. Key levels: Sustaining above 330 could trigger a recovery towards 340, while a breakout above 340 may extend the upside towards 350. A decisive breakdown below 330 could push prices towards 325. Outlook: Sideways movement is expected within the 330–340 range. Watch for a sustained breakout or breakdown for the next directional move.



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