

Monday, October 19, 2026

Base metals faced renewed macroeconomic pressure during the week as hotter-than-expected U.S. inflation strengthened expectations of restrictive monetary policy, while rising exchange inventories weighed on zinc and copper. With LME Week beginning on 19 October, market attention is shifting towards 2027 concentrate contract negotiations, supply-chain disruptions and the outlook for global demand.

Copper remained volatile but held at elevated levels. Spot treatment and refining charges have fallen to exceptionally low and, in some cases, negative levels, reflecting intense competition among smelters for available feedstock. This is expected to be a major focus of LME Week, as miners and smelters begin discussions around 2027 annual benchmark contracts.

Supply disruptions in Chile continue to add risk to the outlook. Industrial action at Centinela and labour negotiations at Escondida have highlighted the vulnerability of mine supply, although the actual impact on annual production will depend on the duration of disruptions and the pace of operational recovery. China's September copper concentrate imports declined 4.1% year-on-year to 2.48 million tonnes, while imports of unwrought copper and semi-finished products fell 4.9% to 461,000 tonnes. These figures suggest that underlying concentrate availability remains constrained.

LME copper inventories declined to approximately 225,425 tonnes by 16 October, while the cash-to-three-month spread remained in backwardation. SHFE stocks rebuilt following China's National Day holiday, while COMEX inventories remain exceptionally high due to tariff-driven stockpiling.

U.S. tariff uncertainty continues to distort regional trade flows. The narrowing COMEX-LME arbitrage has reduced the incentive to ship additional metal to the United States, but the existing stockpile could eventually weigh on global prices if tariff-related flows reverse. Overall, copper retains a bullish medium-term outlook, although macroeconomic pressure and inventory movements may keep prices pressured.

Commodity	Copper	Aluminum	Zinc
Open	1404.65	324.6	416.85
Close	1401	324.95	417.85
Change	-26.15	-10.40	-4.20
% Change	-1.83%	-3.10%	-1.00%
Open Int.	8346	4840	1993
Change	27	807	-676
Pivot	1402.9	324.9	417.9
Resistance	1408.1	326.8	419.8
Support	1395.7	323.1	416.0

Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

Zinc market is increasingly caught between tight concentrate availability and improving refined-metal supply. Treatment charges remain exceptionally low, reflecting competition for raw materials and continuing pressure on smelter margins. The financial viability of Western smelters, including Nyrstar's Budel facility, remains an important consideration ahead of the 2027 contract negotiations.

However, rising Chinese exports and warehouse inflows are easing the earlier physical squeeze. LME zinc inventories climbed sharply to approximately 158,275 tonnes by 16 October, up from 126,850 tonnes on 9 October. Combined LME and SHFE inventories increased 10.7% during the week, indicating a meaningful improvement in visible availability. This inventory build has weakened the immediate bullish argument, even though concentrate supply remains tight.

The outlook is therefore more balanced than the underlying treatment-charge market suggests. Continued pressure on smelter economics and limited mine supply provide medium-term support, but rising exchange inventories and subdued construction-related demand could limit price recovery. Zinc is likely to remain sideways to positive, with inventory trends and Chinese export flows key indicators to monitor.

Aluminium remained under pressure, with LME cash prices around $3,009/t on 16 October. However, the LME cash–3-month spread is gradually moving towards backwardation, signalling a tightening in nearby availability and providing a potentially supportive signal for prices. LME inventories declined to approximately 237,875 tonnes, remaining near multi-decade lows. On the regional premium front, Japan's premium for October–December deliveries was reportedly settled at $255/t, down 35% quarter-on-quarter, indicating softer regional premium levels and easing procurement costs for Japanese buyers. Meanwhile, increased Chinese and Indonesian supply continues to offset part of the disruption to Gulf aluminium production. The market therefore presents a mixed picture: declining inventories and a firmer nearby spread are supportive, but lower Japanese premiums and improving supply availability continue to constrain the upside.

Outlook: Copper maintains a cautious buy outlook, supported by tight concentrate availability, low LME inventories, mine-supply risks and strong Chinese physical premiums, although macroeconomic uncertainty and U.S. tariff developments could drive volatility. Zinc is expected to remain sideways as tight concentrate supply and low treatment charges are offset by rising LME inventories, Chinese exports and subdued construction demand.

LME Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	231275	282228	238625	132850
Close	225425	279990	237875	158275
Change	-5850	-2238	-750	25425
% Change	-2.53%	-0.79%	-0.31%	19.14%

Source: Reuters

SHFE Inventory Weekly Market Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	58744	94059	266373	146164
Close	73962	93532	236972	144009
Change	15218	-527	-29401	-2155
% Change	25.91%	-0.56%	-11.04%	-1.47%

Source: Reuters

LME Cash-3M Spread Weekly Data				
Commodity	**Copper**	**Nickel**	**Aluminum**	**Zinc**
Open	135.81	-187.67	-14.96	67.73
Close	89.43	-198.72	3.66	37.93
Change	-46.38	-11.05	18.62	-29.8
% Change	-34.15%	5.89%	-124.47%	-44.00%

Source: Reuters

Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

Technical Outlook

MCX Copper pared its gains after marking a high around ₹1430 and is currently trading close to critical support of ₹1398 which is a horizontal support and it also coincide with rising channel. In the upcoming trading session, we can see a sideways-to-higher move as long as price holds above recommended support. Immediate resistance is at ₹1415 and price sustained daily close above the same will lead the rally towards ₹1430 – 1435 mark. So, buying is advised but our bias will negate below daily closing of ₹1398

MCX Zinc has been trading in s sideways range since past few trading sessions and has been failing to give any trend direction. Immediate support is at ₹414 followed by major support at ₹404 and immediate resistance is capped at ₹427. Price sustained break and close above resistance will confirm consolidation breakout and will lead the rally towards ₹433 – 438 marks. So, buying above resistance will be recommended for short-term

MCX Aluminium has been trading with negative bias forming lower highs and lower lows pattern which signifies weakness in price for short-term. Immediate resistance is capped at ₹328 and bias remains weak below the same. Immediate support is placed at ₹315.40 and price sustained break below the same will confirm further weakness towards ₹305 mark. Selling is advised but our bias will negate above resistance on a daily closing basis.







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

For any details contact:
Commodities Advisory Desk - +91 22 3958 3600
commoditiesresearch@motilaloswal.com

Commodity Disclosure & Disclaimer:

Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

Terms & Conditions:
This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.
This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal.
It is for the general information of clients of MOFSL. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.
The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL.
The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
All such information and opinions are subject to change without notice.
Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.
Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance.
Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.
Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject commodity for which Research Team have expressed their views.
MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
A graph of daily closing prices of commodities is available at http://www.moneyline.co.in/
Opinions expressed are our current opinions as of the date appearing on this material only. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.
The commodities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.
This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.
The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval.
MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the commodities mentioned in this document.
The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
The commodities described herein may or may not be eligible for trade in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.
MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein or (b) be engaged in any other transaction involving such commodities and earn brokerage or other

compensation or act as a market maker in the commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions. However the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the commodities mentioned in the research report.
MOFSL and it's associates and Research Analyst have not received any compensation or other benefits in connection with the research report. Compensation of Research Analysts is not based on any brokerage transactions generated by broking activities under Motilal Oswal group.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai-400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.
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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.