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Weekly Commodity Research Report

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Copper

Copper futures dropped below \$4.20 per pound, reaching their lowest point in nearly two months, as concerns over economic weakness and China's underwhelming stimulus package weighed on the market. Data released this week showed Chinese banks issued just 500 billion yuan in new loans for October, significantly lower than the 700 billion yuan expected and down from September's figures. Additional reports revealed that China's consumer inflation in October was weaker than expected, and producer price deflation worsened, signaling ongoing economic pressure. On Friday, China introduced a 10 trillion yuan debt package to ease local government financing, but it fell short of providing the direct stimulus market had hoped for. Copper prices also faced downward pressure from a stronger US dollar, driven by expectations of strong economic growth under a second Trump presidency.

Aluminium

Aluminum futures dropped to \$2,625 per tonne, down from the five-month high of \$2,710 reached on November 8, following a decline in other base metals after China opted not to implement targeted stimulus measures. China unveiled a \$1.4 trillion package to help local governments swap off-balance sheet debt and improve financing, but it did not include direct measures to stimulate consumption, leading markets to scale back expectations of stronger support for manufacturing demand. Despite this, aluminum continued to outperform other base metals this year, driven by a supply crisis in alumina that boosted input costs for producers. Meanwhile, bauxite prices neared record highs after Guinea blocked exports from Emirates Global Aluminum, the world's largest miner, further tightening supply. Reduced bauxite output from Australia and Jamaica also contributed to a squeeze on Chinese smelters, pushing ore inventory to its lowest level since 2015.

LME Cash Price		
Commodity	Bid	Ask
Copper	9005.5	9007.5
Aluminium	2521	2521.5
Zinc	2899.5	2901
Nickel	15739	15739
Lead	1984	1985

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9146.5	9148.5	-141
Aluminium	2559.5	2560	-38.5
Zinc	2923.5	2925	-24
Nickel	16005	16010	-266
Lead	2022.5	2023.5	-38.5

MCX Spot Price

Commodity	Bid	Ask
Copper	805	805.15
Aluminium	236.25	236.4
Zinc	274.1	274.2
Nickel	0	0
Lead	180.7	180.9

Nickel

Nickel futures fell below \$16,400 per ton, following declines in other base metals, as the market reacted to China's lack of strong stimulus measures. Although the government announced a CNY 10 trillion debt swap package to assist local governments with debt management and secure cheaper loans, investors were disappointed by the limited impact on manufacturing, which reduced expectations for industrial demand, including for nickel. However, nickel prices remained above October's low of \$15,730 due to ongoing supply concerns from Indonesia, the world's top nickel producer. Indonesia is facing delays in issuing mining licenses, and many smelters are increasingly relying on imports from the Philippines. Furthermore, Indonesia plans to expand its export bans, including on nickel ore, which could further tighten global supply.

MCX 1M Futures Price

Commodity	Bid	Ask
Copper	812.05	812.3
Aluminium	237.35	237.55
Zinc	273.65	273.7
Nickel	0	0
Lead	180.3	180.65

Zinc

Zinc futures fell below \$3,000 per ton, nearing a six-week low, as concerns grew over the outlook for China's steel sector. In September, China's steel industry saw its steepest monthly profit drop of the year, driven by weak demand and lower producer prices. While refined zinc production in China increased by 2% month-on-month in September, it was still more than 8% lower compared to the same period last year. However, rising inventories in LME warehouses helped alleviate immediate supply concerns. On the production side, delays at Russia's Ozeroye mine, caused by sanctions affecting equipment, have raised doubts about its ability to meet its projected 320,000-ton contribution to global supply in 2025—around 2.5% of the total—potentially impacting next year's supply forecasts.

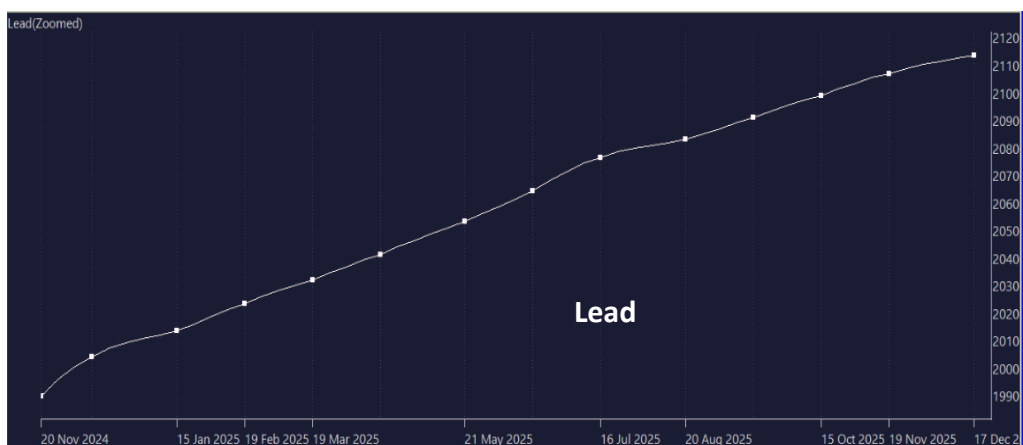
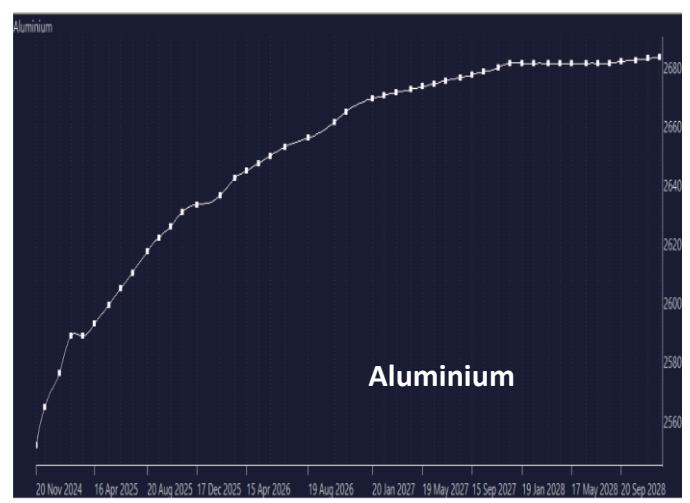
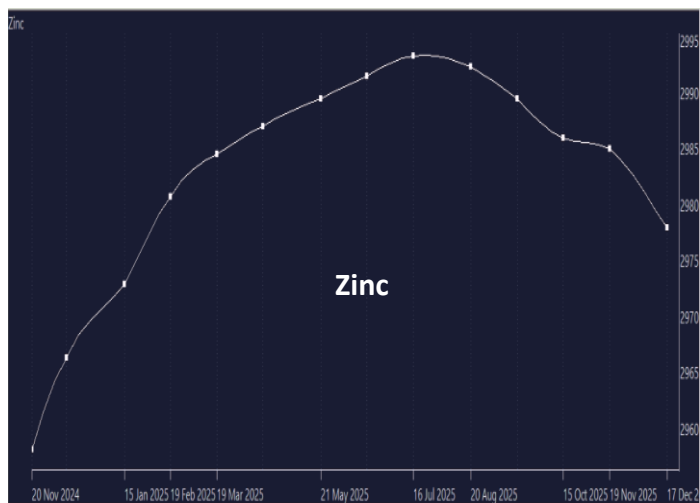
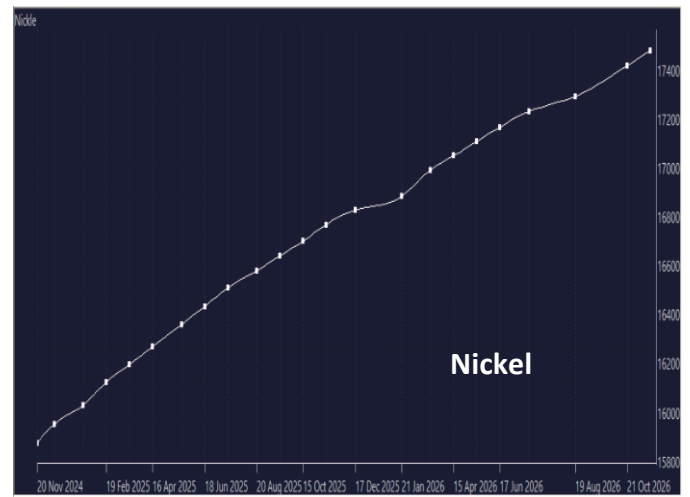
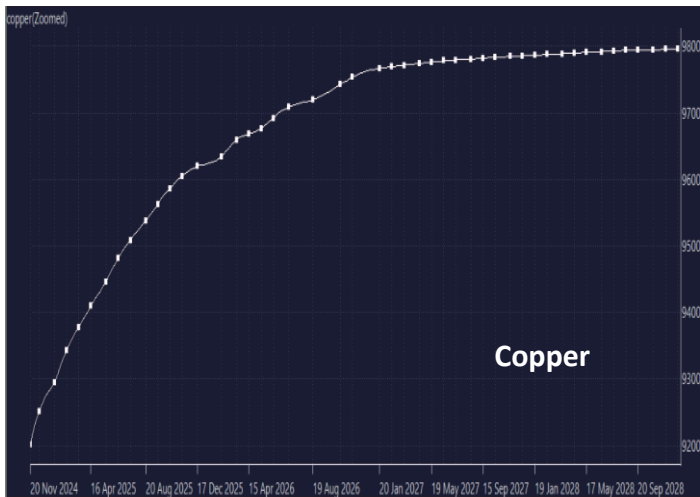
LME Warehouse Stock (Tonnes)

Commodity	Closing Stock	Net Change
Copper	271225.00	-650
Aluminium	726700	-2625
Zinc	245525	1025
Nickel	150840	588
Lead	186350	-775

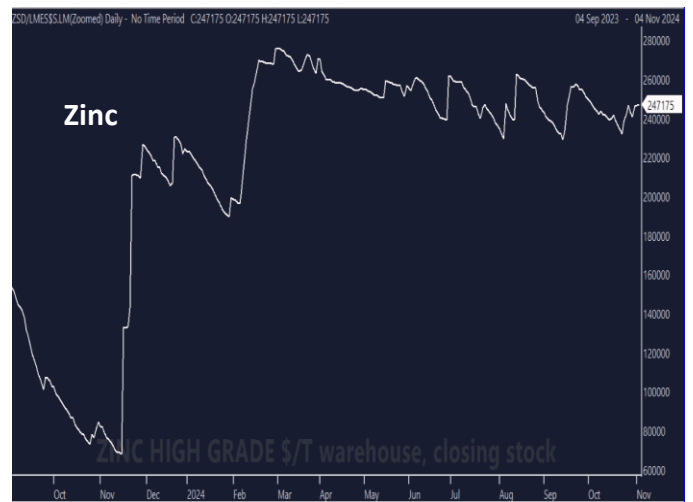
Lead

LME Lead is trading lower. The US dollar index hit a nearly four-month high, causing a general decline in base metals. SHFE lead jumped initially and then pulled back, fluctuating between 16,900-16,950 yuan/mt. Moreover, China's social financing in October was 1.4 trillion yuan, with new RMB loans at 500 billion yuan. Both social financing and RMB loan growth slowed.

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



LME 3M Copper \$9168: Copper prices pierced through the cluster of moving averages support at \$9400 and look set to test the primary trend line support in \$8800-\$9000 range which would be fiercely fought between buyers and sellers. Strong global USD, being inversely correlated to commodities, is pulling down the prices. Given the prospects of extended correction in prices, end users can go slow on their scheduled purchases. Traders can short the metal for \$9000 target.

2. Nickel



LME 3M Nickel \$16013: Nickel prices are falling in line with other base metals but remain well supported at \$16K mark. The metal has been a laggard amongst the group so may not be follow suit. We suggest going ahead with procurement plans at current prices for next 1-2 months. Traders can initiate fresh long positions with stops at \$15500.

3. Zinc

LME 3M zinc \$2920: Zinc prices are testing the 100 DMA support at \$2900 mark and can extend the correction towards primary trend line and 200DMA support at \$2800 where value buying may kick in. End users may stagger their purchases in \$2800-\$2900 range. Traders can wait for \$2800 levels to initiate fresh long positions. Overall trend remains positive as long as metal trades above \$2800 mark.

2. Aluminium

LME 3M Aluminium \$2551: Aluminium losses are lower in comparison to its peers. The metal is down to test the 3 months moving average support at \$2546. Next major support is at \$2487 which could be tested., Traders can wait for taking fresh long positions. End users can stagger their purchases in \$2450-\$2550 range to meet next 1-2 months requirement.

3. Lead

LME 3M lead 2024: Lead is trading at the lower end of the weekly range at \$2000-\$2200. Though there is no specific buying trigger, end users can go ahead from risk management perspective and the fact its trading at the lower end of the range.



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