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Weekly Commodity Research Report

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Copper

Copper futures declined as renewed fears of an intensified conflict between Ukraine and Russia boosted the US dollar, putting pressure on dollar-denominated commodities. At the same time, markets assessed the demand outlook for China, the largest consumer of copper, amid uncertainty about the effectiveness of its monetary and fiscal support measures on manufacturing activity. China's industrial production grew by 5.3% year-on-year in October, falling short of the 5.6% growth expected by analysts, while credit growth during the period also lagged forecasts. Additionally, an abundant supply of copper weighed on prices. In recent years, China significantly expanded its copper refining capacity to meet growing demand driven by electrification initiatives. However, slowing manufacturing and construction activity, along with concerns about trade restrictions limiting China's ability to export surplus supply, have added to downward pressure on the market.

LME Cash Price		
Commodity	Bid	Ask
Copper	8920.75	8920.75
Aluminium	2589.5	2590
Zinc	2948.25	2949.25
Nickel	15678	15693
Lead	1936.75	1937.75

Aluminium

Aluminum prices declined as profit-taking weighed on the market following China's announcement to remove export tax rebates for aluminum starting December 1. The policy is intended to curb exports and strengthen the domestic market. Meanwhile, China's initial fiscal measures, including a 6 trillion yuan incremental debt financing plan, fell short of market expectations but are expected to enhance corporate balance sheets and support job creation and income growth. In Japan, aluminum inventories at major ports fell to 311,400 metric tons by the end of October, down 0.5% from the previous month. On the production front, China's primary aluminum output increased by 1.6% year-on-year to 3.72 million metric tons in October, driven by steady demand and elevated prices. Cumulatively, output for the first 10 months of the year reached 36.39 million tons, marking a 4.3% rise compared to the same period last year.

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9042	9043	-122.25
Aluminium	2620.5	2621	-31
Zinc	2952.5	2953.5	-4.25
Nickel	15930	15945	-252
Lead	1978	1979	-41.25

MCX Spot Price

Commodity	Bid	Ask
Copper	805.2	805.4
Aluminium	241.6	241.8
Zinc	278.6	278.75
Nickel	0	0
Lead	181.15	181.3

Nickel

Nickel futures slipped below \$15,800 per ton, hitting a two-week low, as base metals broadly declined amid market disappointment over the lack of robust economic stimulus from China. Although Beijing introduced a CNY 10 trillion debt swap program aimed at helping local governments manage liabilities and secure lower-cost loans, the measures fell short of boosting manufacturing activity, dampening expectations for industrial demand, including nickel. However, prices remain above October's low of \$15,730, supported by supply concerns from Indonesia, the world's leading nickel producer. Indonesia has faced delays in issuing mining licenses, prompting many smelters to rely on imports from the Philippines. Additionally, plans to expand export restrictions, including a ban on nickel ore, could exacerbate the tightening of global supply.

MCX 1M Futures Price

Commodity	Bid	Ask
Copper	802.05	802.35
Aluminium	242.3	242.4
Zinc	277.15	277.45
Nickel	0	0
Lead	179.4	179.55

Zinc

Zinc futures dipped below \$3,000 per ton, marking a seven-week low, amid concerns over China's steel sector outlook. China's steel sector faces challenges, as industrial profits saw their steepest monthly drop this year in September due to weak demand and lower producer prices. While refined zinc production in China rose 2% month-over-month in September, it remains over 8% lower year-over-year. However, rising inventories in LME warehouses eased immediate supply worries. Nonetheless, Russia's Ozeroye faces production delays due to sanctions impacting equipment, raising uncertainty over its projected 320,000-ton contribution to global supply in 2025, around 2.5% of the total, potentially affecting next year's forecasts.

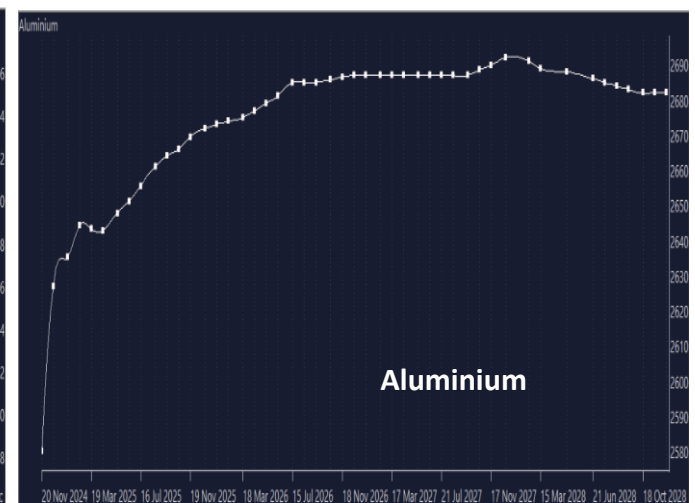
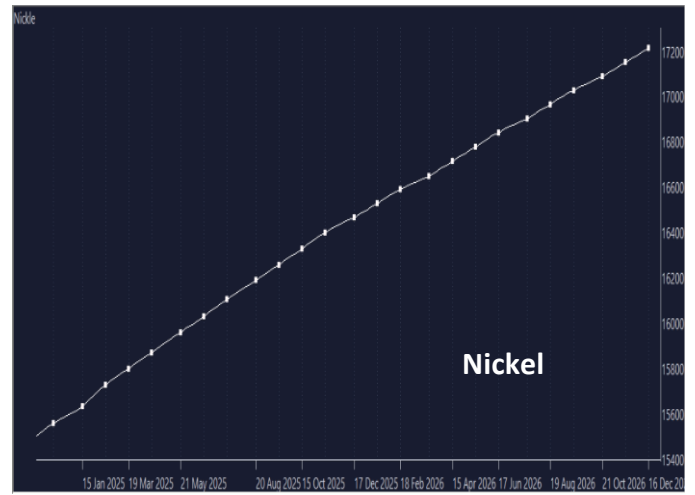
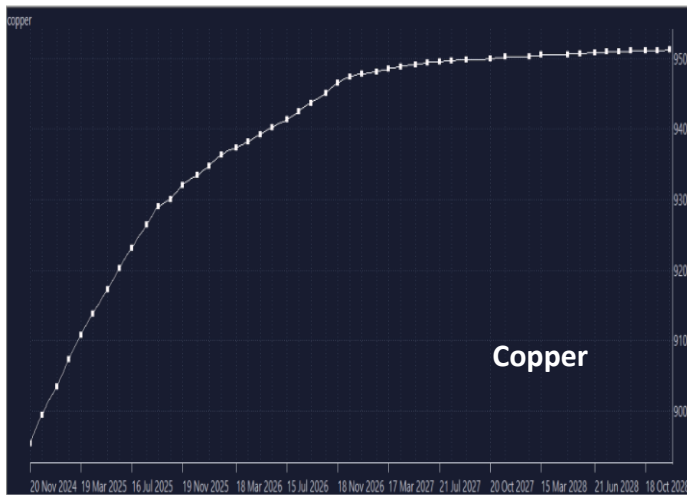
LME Warehouse Stock (Tonnes)

Commodity	Closing Stock	Net Change
Copper	271975.00	450
Aluminium	713900	-2525
Zinc	260950	1450
Nickel	159264	108
Lead	276250	41525

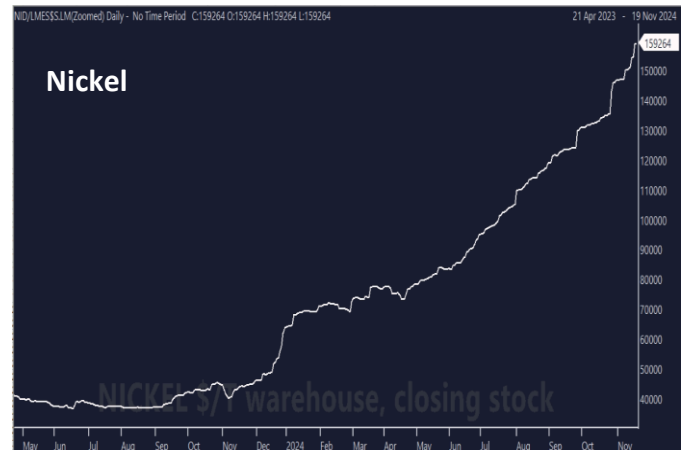
Lead

LME Lead saw a surge driven by a weaker US dollar. Primary lead smelters maintained stable production levels in November, leaving little room for further increases. Meanwhile, secondary refined lead production resumed primarily this week, although environmental protection measures during the autumn and winter may continue to constrain its supply.

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



LME 3M Copper \$9014: Copper prices are back to long term trend line support in \$8800-\$9000 after making a low of \$8869 last week. Strong USD and China economy concerns are pulling down the prices. Given the support, it would be prudent to buy some short-term requirement for the metal at current prices.

2. Nickel



LME 3M Nickel \$15806: Nickel prices tested and held the bottom at \$15467 amidst oversold market conditions and heightened uncertainty. We have seen buying support emerge for the metal time and again below \$16K mark, which is positive. Though a trend reversal is still awaited, it makes sense for end users to buy the metal to meet next 1-2 months requirement from value and risk management perspective.

3. Zinc

LME 3M Zinc \$2987: Zinc prices continue to trade well above the trend line. The metal is finding some buying support in an oversold market after days of sustained selling in weak market conditions. The fact that prices managed to close above 100 DMA is positive for the metal. We suggest buying on dips. Traders can consider going long on metal in \$2880-\$2920 range with stops below \$2800.

2. Aluminium

LME 3M Aluminium \$2551: The metal bounced back from 100 DMA support at \$2485 in the aftermath of USD strength post Trump election. However quick reversal of losses shows the positive undercurrent in the metal demand due to fundamental factors like demand from EV sector and construction industry.

3. Lead

LME 3M Lead \$2016: LME Lead prices found some support at \$1950 levels which has been holding on weekly basis since August 24. Weak base metal prices is going to weigh on prices. However given the strong support, it would be prudent to buy current requirement at this price point.



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