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Weekly Commodity Research Report

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Copper

Copper futures declined as the US dollar strengthened, driven by President-elect Donald Trump's pledge to impose additional tariffs on China, Mexico, and Canada, heightening concerns about global trade tensions. Anticipation of robust US economic performance and inflationary policies under the incoming administration, which may restrict the Federal Reserve's ability to lower interest rates, further pressured commodity prices. A firmer dollar increases the cost of dollar-denominated commodities like copper for buyers using other currencies, dampening demand. Moreover, persistent economic uncertainties in China, the world's largest copper consumer, added to the downward pressure, as Beijing has yet to unveil new stimulus measures to bolster economic growth.

LME Cash Price		
Commodity	Bid	Ask
Copper	8917	8918
Aluminium	2240	2242
Zinc	3010	3011
Nickel	15800	15810
Lead	3010	3011

Aluminium

Aluminum futures climbed to \$2,675, nearing their five-month peak of \$2,710 reached on November 7th, driven by reduced supply from key producers and ongoing evaluations of the impact of Chinese stimulus on manufacturing demand. Russian aluminum giant Rusal announced plans to cut output by over 6%, citing elevated global alumina prices, tight monetary policies, and weakening domestic demand. Additionally, China will discontinue tax rebates on semi-manufactured aluminum exports starting December, potentially removing approximately five million tonnes from the global market, according to analysts. Meanwhile, bauxite prices surged toward record highs as Guinea halted exports by Emirates Global Aluminum, the world's largest bauxite producer. This disruption, combined with declining bauxite output in Australia and Jamaica, has strained supplies for Chinese smelters, reducing ore inventories to their lowest levels since 2015.

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9008	9009.5	-91
Aluminium	2618.5	2619.5	-378.5
Zinc	3069	3070	-59
Nickel	16125	16130	-325
Lead	2010.5	2012	999.5

Nickel

Nickel futures rebounded to around \$15,750 per tonne from a 4-year low, fueled by concerns over Indonesia, the world's largest nickel producer, tightening its mining policies. Reports indicate that approved mining quotas could decline by up to 27% by 2026, and the government plans to reduce license fees for low-grade nickel ore (less than 1.5% nickel content) used in battery production. This policy could restrict nickel availability for industries like stainless steel manufacturing. Additionally, nickel ore imports to Indonesia surged 50-fold year-on-year to over 9.3 million tons between January and October 2024, reflecting efforts to preserve domestic reserves. Officials have repeatedly warned of dwindling nickel stocks, emphasizing the need to prioritize domestic industries and stabilize prices, according to the mining minister.

Zinc

Zinc futures rose, supported by increased risk appetite following Scott Bessent's nomination as U.S. Treasury Secretary and bargain hunting after recent declines. Despite this, Eurozone data highlighted ongoing economic challenges, with contractions in services and manufacturing sectors. On inventories, the Shanghai Bonded Zone zinc ingot stock rose by 500 mt to 10,500 mt, while total inventory across seven major Chinese regions fell by 8,700 mt to 118,700 mt due to limited arrivals. Globally, the zinc market deficit narrowed to 79,500 mt in September, with a year-to-date deficit of 8,000 mt, contrasting a surplus of 358,000 mt last year. In China, refined zinc production grew by over 2% month-on-month in September as smelters recovered from maintenance, with slower growth expected in October.

Lead

LME lead futures are trading higher, supported by destocking and increased long positions. Production cuts at lead smelters, particularly secondary ones in Hebei and Anhui, due to smog, have tightened supply, though recent smog warnings have been lifted. Maintenance at primary smelters in Jiangxi and Guangdong has further reduced availability, while downstream consumption continues to draw from inventories. Limited circulation of lead ingots and narrow price spreads between secondary and primary lead have even pushed some secondary lead quotes above primary prices.

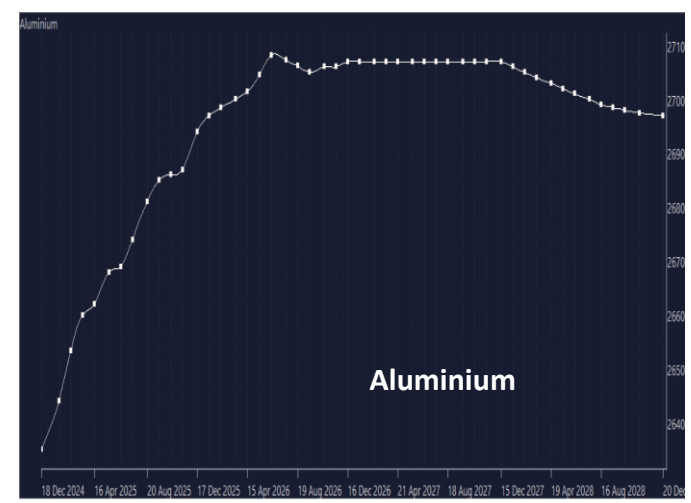
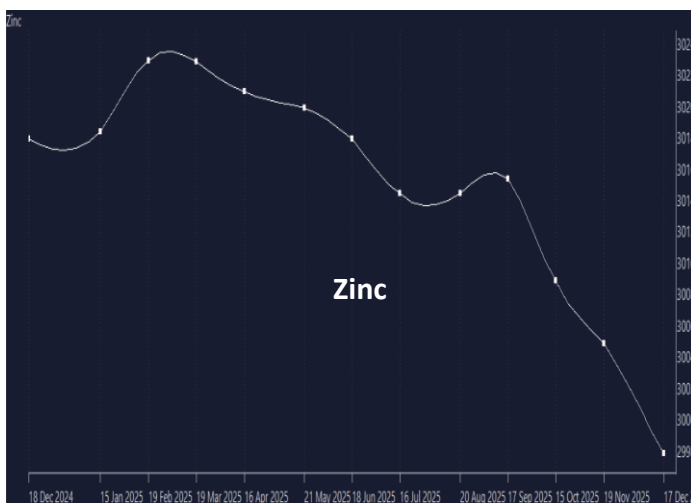
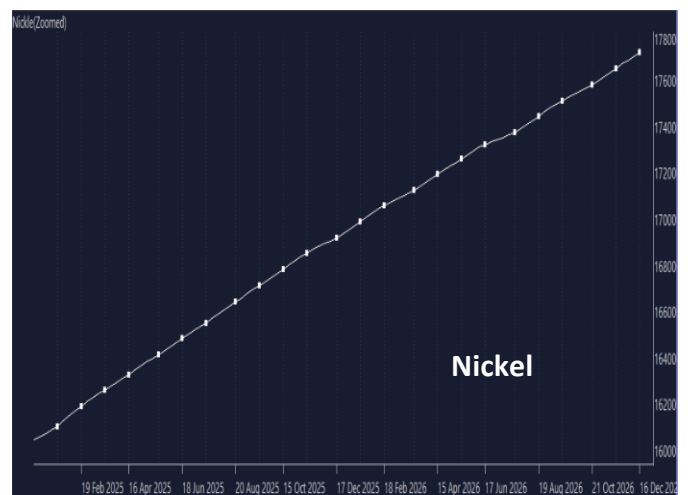
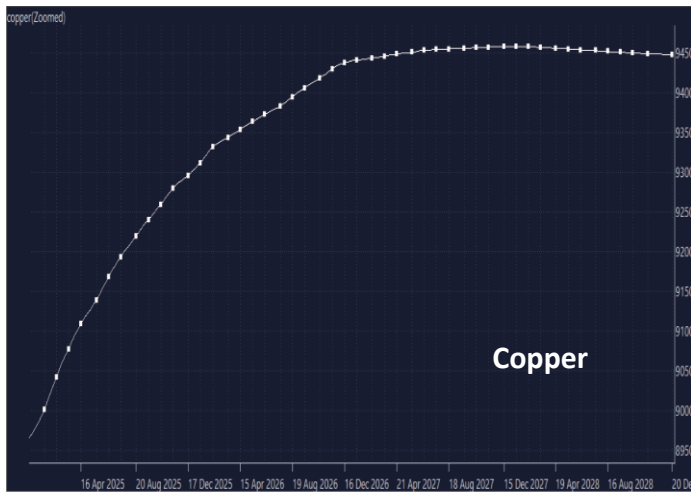
MCX Spot Price		
Commodity	Bid	Ask
Copper	813.4	814.4
Aluminium	248.85	250.5
Zinc	283.8	287
Nickel	0	0
Lead	175.35	176.9

MCX 1M Futures Price		
Commodity	Bid	Ask
Copper	806.4	806.6
Aluminium	243.35	243.5
Zinc	284.4	284.1
Nickel	0	0
Lead	179.25	179.4

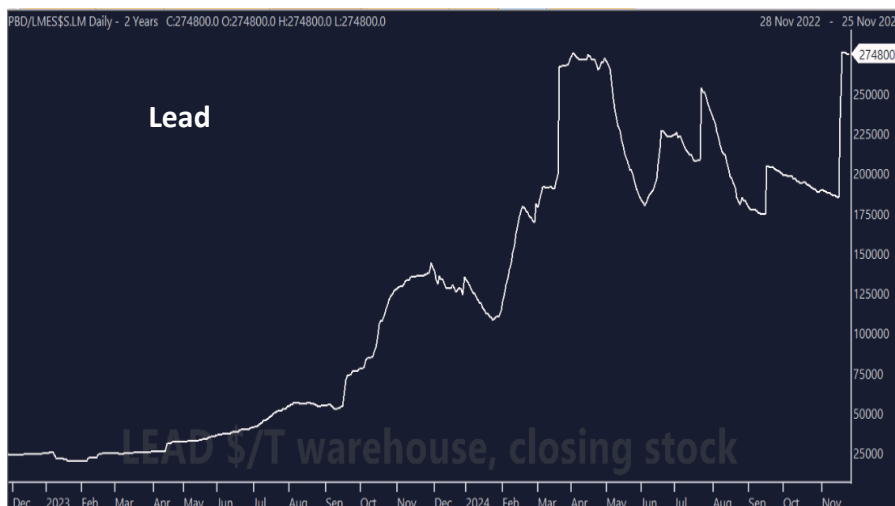
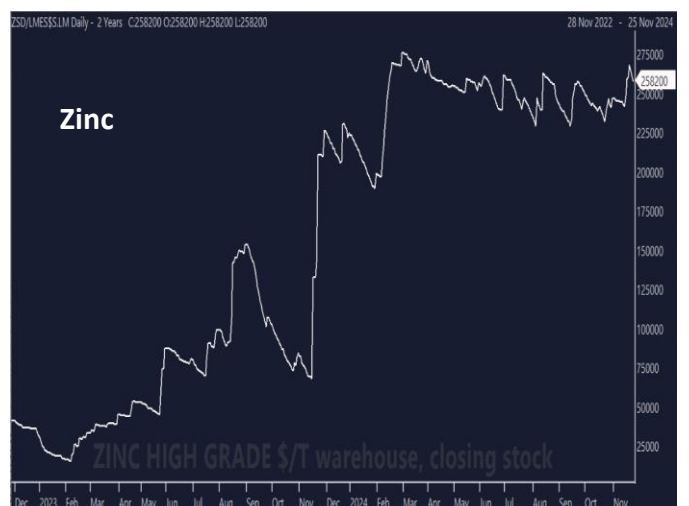
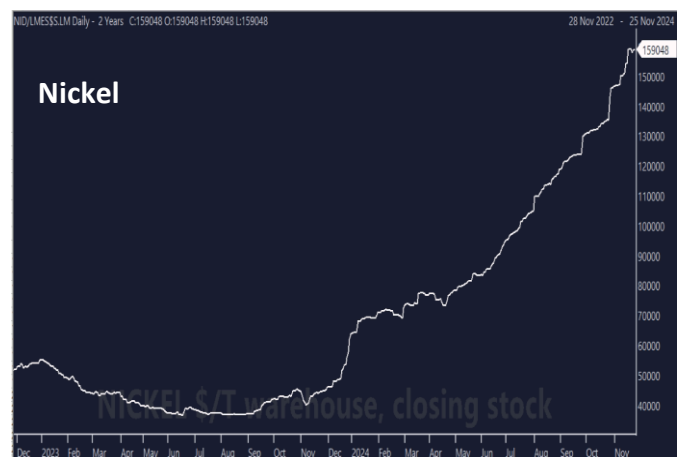
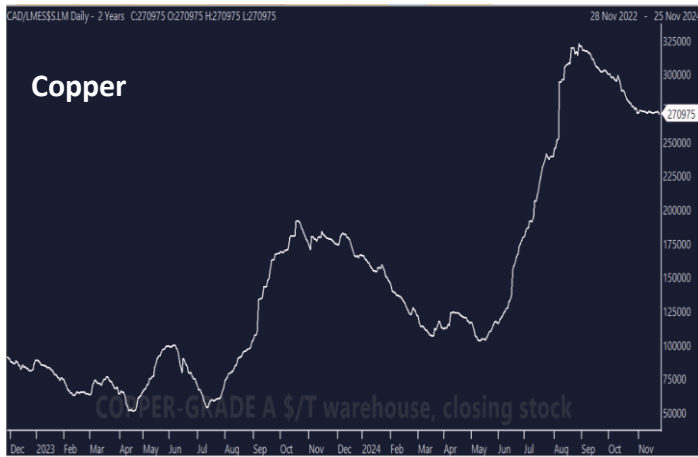
LME Warehouse Stock (Tonnes)		
Commodity	Closing Stock	Net Change
Copper	269475.00	-1500
Aluminium	703475	-2525
Zinc	255625	-2575
Nickel	158952	-96
Lead	274175	-625

Data Source: Reuters, LME, KITCO

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



LME 3M Copper \$8998: Copper prices are holding above the long-term trend line which has been in place since 2020. The corrective C wave has seemingly ended at this price point, raising the potential of beginning of new uptrend in copper prices from hereon. Unless the long-term trend line support in \$8750-\$8850 is vitiated on weekly closing basis, we maintain a positive view on copper prices and recommend to buy at current levels. Traders can initiate fresh long positions with stops below \$8750.

2. Nickel



Nickel 3M LME \$16190: Nickel prices bounced back after testing the \$15500 mark yet again last week. With the said support level having tested multiple times, it has made a solid foundation for the price action. The prices are undergoing consolidation within the triangle formation and seem poised to break out in coming months. End users must take advantage of \$15500-\$16500 price range to lock into their medium-term requirement.

3. Zinc

LME 3M Zinc \$3033: Zinc prices remain firmly in uptrend despite the weekly volatility. The metal has support in \$2800-\$2850 range while resistance is placed at \$3080. The uptrend will pick up momentum towards \$3340 target if the first resistance is pierced. Traders can wait for some correction in prices and initiate long positions around \$2950 mark. End users must keep on accumulating the metal on weekly basis to meet their medium-term requirement.



2. Aluminium

LME 3M Aluminium \$2640: Aluminium prices are trading at the higher side of the weekly trading range, lending positive undertone to the market. Higher Alumina prices in aftermath of disruption at Brazil/Guinea mines is keeping the prices high for finished Aluminium.



3. Lead

LME 3M Lead \$2019: LME Lead prices found some support at \$1950 levels which has been holding on weekly basis since August 24. Weak base metal prices are 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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