BLUGLANCE™

10-Dec-25

GLOBAL ZINC MARKET PULSE

Global Zinc Market:

A product of Bluglance Consulting

Prices, Spreads, Premiums & Strategies

Daily Report

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Zinc Price Table

	Open	High	Low	Close	% Change	5 Day % Change	6 Month %	YoY % Change	52 Week High	52 Week Low
LME Cash (USD/MT)	3261	3262	3261	3253	-1.06%	-1.81%	24.45%	4.70%	3351.00	2520.00
LME 3M FWD (USD/MT)	3127	3127	3086	3090	-0.99%	0.88%	16.60%	-1.15%	3170.00	2516.00
LME Fut. (USD/MT)	3280	3280	3244	3244	-0.89%	2.04%	23.86%	4.51%	3280.00	2356.00
SHFE Fut. (CNY/MT)	23110	23185	22985	23065	-0.06%	1.68%	4.39%	-12.08%	26560	21140
MCX Fut. (INR/KG)	312.80	313.25	310.00	310.55	-1.11%	1.49%	23.04%	6.46%	314.50	243.70

We feel Zinc is caught between Macro headwinds (stronger USD, Fed uncertainty) and structural tightness (backwardation, low stocks, constrained inflows). As a result, zinc is expected to remain volatile and range-bound, with market structure not just price remaining the key risk variable, especially for physical players and hedgers exposed to negative carry.

Inventory: Recovery Visible but Still Structurally Low: LME zinc warehouse inventory has recovered from around 35,000 mt to nearly 58,000 mt, offering some short-term relief to the extreme tightness seen earlier. However, this level remains historically low, and without fresh and sustained deposit flows, inventories are unlikely to rise sharply. The current recovery appears more like a stabilisation than a true supply rebuild.

Backwardation continues to deepen: A Growing Concern for Hedgers: The cash-to-three-month LME zinc spread continues to trade in backwardation, highlighting persistent near-term supply tightness. This structure poses a growing challenge for hedgers, particularly those holding physical material or already priced inventory, because negative carry erodes hedging efficiency and increases roll costs.

Notably, the LME first- and second-month contracts are also in backwardation, reinforcing the message that immediate availability remains constrained relative to forward supply expectations. Such a structure typically reflects tight prompt supply, strong nearby demand and limited visible deliverable stocks.
For physical market participants, this means higher financing pressure and elevated exposure to short-term price volatility.

MCX Structure: Backwardation Holding for three Consecutive Months: MCX zinc has remained in backwardation for nearly three months, driven by minimal warehouse stock inflows and low import parity, which has discouraged fresh overseas arrivals. This persistent backwardation indicates a structurally tight domestic market, where nearby demand continues to absorb available supply faster than replenishment can occur. The lack of fresh imports has kept the nearby contracts firm relative to the forward months.

Price Band: Zinc continues to struggle to sustain moves above $3,120 amid persistent demand weakness, while repeated buying interest near $3,060 has kept the downside protected for now. This suggests a well-defined range-bound structure. Our near-term bias remains toward the lower end of this range, indicating that any volatility-driven rise in prices is likely to offer selling opportunities. The $3,150 level stands out as a strong overhead resistance that will be difficult to breach without a clear improvement in demand fundamentals.

Spread Analysis

(USD/MT)	Spread	
	09-Dec	08-Dec
LME Cash -3M	163.0	167.0
LME 1st - 2nd	122.0	121.0
LME 3M - SHFE 1st	-175.1	-142.6
LME 3M - MCX 1st	-365.0	-365.3
SHFE 1st - 2nd*	-70.0	-30.0
MCX 1st - 2nd*	4.3	4.7
Negative=Contango; Positive= Backwardation		

Exchange Inventory

Exchange Inventory (MT)				
LME	09-Dec	08-Dec	Change	YTD Chg.
	58150	57750	400	-176750
MCX	08-Dec	07-Dec	Change	YTD Chg.
	851	988	-137	-477
SHFE	05-Dec	28-Nov	Change	YTD Chg.
	91916	95916	-4000	61680

Arbitrage Window

Arbitrage Windows		
	Price	Import
SHFE Price	23065	23065
LME 3M FWD Price	3090.00	
USDCNY	7.0640	21828
Import Cost (15%)	3274.16	25102
Arbitrage Ratio (LME vs SHFE)		**0.9189**

***Import Cost** Includes VAT (13%), import duty (~1%), port fees, shipping cost, and sometimes a physical premium
If the Arbitrage Ratio >1, imports are Profitable and the arbitrage window is open
If the Arbitrage Ratio < 1, imports are non-profitable and the arbitrage window is closed

Currency Price Table:

	09-Dec	08-Dec	% Change
USDINR	89.884	90.080	-0.22%
USDCNY	7.0640	7.0720	-0.11%
ICE Dollar Index	99.22	99.09	0.13%
USDINR 12M FWD	92.390	92.630	-0.26%

Source: Bloomberg, Bluglance

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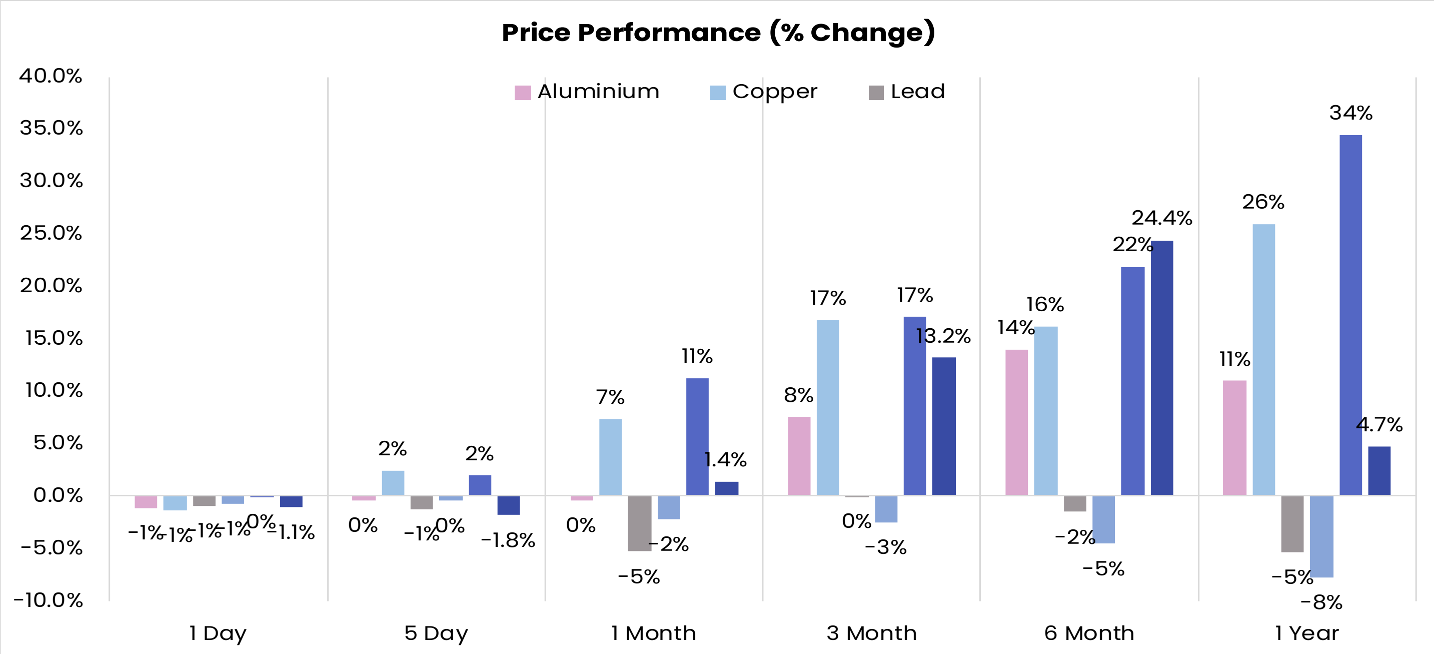
Relative Returns

LME Cash Zinc Relative Returns vs LME Spot Metals (% Difference)						
	1 Day	5 Day	1 Month	3 Month	6 Month	1 Year
Aluminium	0.05%	-1.43%	1.76%	5.65%	10.45%	-6.27%
Copper	0.29%	-4.26%	-5.99%	-3.58%	8.26%	-21.25%
Lead	-0.12%	-0.61%	6.66%	13.21%	25.94%	10.08%
Nickel	-0.35%	-1.40%	3.56%	15.70%	28.94%	12.45%
Tin	-0.98%	-3.79%	-9.91%	-3.91%	2.53%	-29.75%



Technical Analysis:

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Technical Support & Resistance:

	Close	Pivot	Support2	Support1	Resi.1	Resi. 2
LME Cash (USD/MT)	3253	3259	3258	3255	3256	3260
LME 3M FWD (USD/MT)	3090	3101	3060	3075	3116	3142
LME Fut. (USD/MT)	3244	3256	3220	3232	3268	3292
SHFE Fut. (CNY/MT)	23065	23078	22878	22972	23172	23278
MCX Fut. (INR/KG)	310.6	311.3	308.0	309.3	312.5	314.5

Economic Calendar				
Country	Event	Period	Survey	Prior
China	PPI YoY	Nov	-2.00%	-2.10%
China	CPI YoY	Nov	0.70%	0.20%
US	MBA Mortgage Applications	05-Dec	--	-1.40%

Source: Bloomberg, Bluglance

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