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Weekly Base Metals Insights

05th Oct to 09th OCt, 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

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Aluminium

Down >5% WoW, Close Price ₹336.5/kg (MCX); sharp correction as market shifted from supply-disruption to supply-recovery narrative, with Indonesian capacity additions and Middle East restarts outweighing low Chinese inventories.

Copper

Corrected toward $14,100 support amid a stronger dollar and DXY above 102.5, but remained the most resilient in the complex with backwardation signalling underlying physical tightness.

Lead

Down 3.96% WoW, Close Price $1,853.5/MT; breached $1,900 support as dollar strength and weak pre-holiday Chinese activity weighed, Cash-3M contango widened to $38/t.

Zinc

Down ~5% WoW, Close Price ~$3,700/MT; weaker Chinese downstream demand and rising LME stocks to 124kt pressured prices despite deeply negative concentrate TCs.

Nickel

Down 5.22% WoW, Close Price $15,530/MT; sharpest decline after aluminium, fading Indonesian supply-risk premium and elevated LME inventories at 285,168 MT drove the sell-off.

Key Events

FOMC Meeting Minutes (Wed, 7 Oct) and China's market reopening (Thu, 8 Oct) are the two defining events this week. Post-holiday Chinese inventories and demand signals will set the tone for the next move.

Economic Calendar

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05th Oct to 09th Oct

1

Monday, 5th Oct

All Day | China National Holiday (Markets Closed)
19:30 | US ISM Services Index (Sep) — Survey: 55.0 | Prior: 55.4

2

Tuesday, 6th Oct

All Day | China National Holiday (Markets Closed)
18:00 | US Trade Balance (Aug) — Survey: -$102.0b | Prior: -$88.6b

3

Wednesday, 7th Oct: MOST CRITICAL DAY

All Day | China National Holiday (Markets Closed)
10:00 | India RBI Interest Rate Decision — Survey: 5.50% | Prior: 5.25%
23:30 | FOMC Meeting Minutes — **BIGGEST EVENT OF THE WEEK**

4

Thursday, 8th Oct: China Reopens

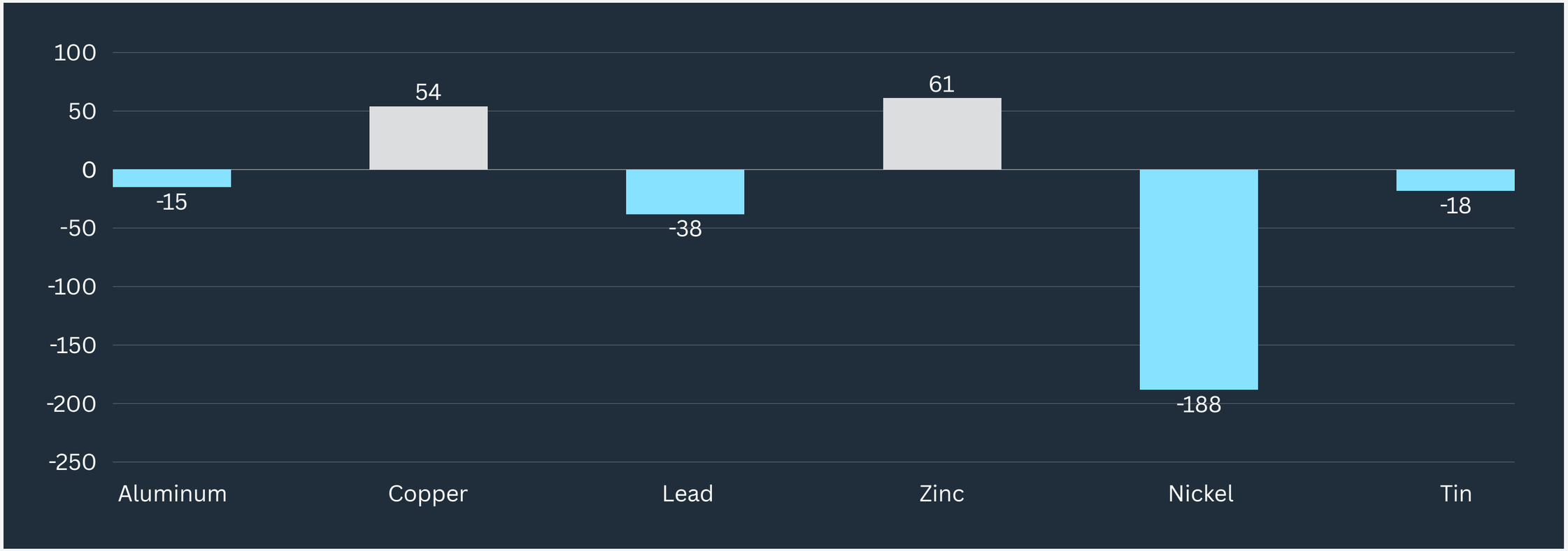
18:00 | US Initial Jobless Claims (03-Oct) — Survey: 200k | Prior: 197k

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Friday, 9th Oct

19:30 | US U. of Mich. Sentiment (Oct P) — Survey: 47.8 | Prior: 48.1

LME Base Metals: Cash-3m Spread Snapshot



Source: Bloomberg, 3 Month Forward price of LME

(-) number denotes Contango and (+) Backwardation

Note: The LME forward curve narrowed across the board this week. Copper and Zinc remain in backwardation but both eased significantly, suggesting some moderation in prompt tightness. Aluminium and Lead stayed in contango, with Lead widening slightly. Nickel remains in the deepest contango, reflecting comfortable nearby availability. Tin's contango narrowed sharply, the most notable shift in the complex this week.

Performance Snapshot: All Metals

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Asset	Oct 2, 2026	Sep 25, 2026	WoW %	Sep 25, 2026	YTD %
Dollar Index (DXY)	101.92	101.03	**0.88%**	101.03	2.8
Copper	14266.5	14,632	**-2.50%**	14,632	17.22
Aluminium	3098.5	3,277.50	**-5.46%**	3,277.50	9.36
Lead	1853.5	1,930	**-3.96%**	1,930	-3.76
Zinc	3701.5	3,893.50	**-4.93%**	3,893.50	24.55
Nickel	15530	16,385	**-5.22%**	16,385	-2.18

LME Weekly Market Range (05th Oct to 09th Oct)

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Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	101.92	101.10 – 102.70	Bullish
Copper	14,266.50	14,100 – 14,600	Range bound — Buy on dips near lower range
Aluminium	3,098.50	3,040 – 3,200	Bearish — Sell on rallies near upper range
Lead	1,853.50	1,840 – 1,890	Range bound — Buy on dips near lower range / Sell on rallies near upper range
Zinc	3,701.50	3,660 – 3,820	Range bound — Buy on dips near lower range / Sell on rallies near upper range
Nickel	15,530	15,400 – 16,000	Range bound — Buy on dips near lower range / Sell on rallies near upper range

Aluminum

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Sharp Weekly Correction

Aluminium faced strong selling pressure during the week, with LME aluminium falling more than 5% WoW to close below 3700/MT, while MCX aluminium declined 3.5% to close at ₹336.5/kg. The correction reflects a shift in market focus from Middle East supply disruptions toward improving global availability, rising Indonesian capacity and softer downstream demand.

A stronger US dollar and elevated bond yields added further pressure. While low Chinese inventories and high energy costs continue to provide support, the broader supply-demand balance is becoming increasingly comfortable.

Indonesia Drives Ex-China Supply Growth

Indonesia remains the key source of new ex-China supply. SMM estimates around 5.34Mt of new aluminium capacity outside China during 2026–27, with Indonesia contributing approximately 3.5Mt, or 66% of the total. Around 1.48Mt was already operating during 2026, with another 420kt expected in Q4.

The expansion of Indonesia's integrated bauxite-alumina-aluminium chain is expected to increase international availability and place further pressure on LME prices and regional premiums.

Middle East Supply Risk Eases

Emirates Global Aluminium continues to restore production at Al Taweelah following the earlier disruption. The gradual restart is reducing the Middle East supply-risk premium and shifting the market toward normalisation. The return of production does not eliminate geopolitical risk, but unless there is another major disruption, the supply recovery should remain a bearish factor for aluminium.

Macquarie Sees Better Global Balance

The improving supply outlook is reflected in broker estimates. Macquarie has lowered its 2026 global aluminium deficit forecast to around 820kt and expects a 410kt surplus in 2027, with a 2027 average price forecast of around $3,050/t. The key implication is that the current deficit is increasingly viewed as temporary, with additional Indonesian production and returning Middle East capacity expected to improve the balance.

China Production Remains High

China remains central to the near-term outlook. September primary aluminium production was around 2.2% higher YoY, while installed capacity remained close to 46.3Mt. With production already near the country's operating ceiling, the scope for further conventional capacity growth remains limited. However, sustained high output continues to place pressure on downstream absorption.

Aluminum

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Chinese Inventories at Year-Low

Aluminium ingot inventories in major Chinese consuming regions fell to around 638kt on September 30, a fresh year-to-date low. The pre-holiday drawdown provides some support, but the market will now focus on the post-National Day inventory trend. Smelters continued producing during the holiday while downstream operating rates declined, creating the possibility of a seasonal inventory build. A sharp increase would reinforce the bearish demand outlook.

Downstream Demand Remains Uneven

China's September aluminium processing PMI improved to 53.9%, but the recovery remains uneven, with construction-related demand still weak. The molten aluminium ratio fell to around 78.2%, with SMM expecting approximately 77.9% in October, indicating softer immediate downstream consumption. Billet inventories also remain relatively elevated, suggesting that low primary aluminium inventories do not necessarily represent a broad-based physical shortage.

Chinese Exports Add Supply Pressure

Chinese exports remain an important bearish factor for the international market. August aluminium and aluminium-product exports increased around 17.2% YoY, while January-August exports rose approximately 16.7%. Strong Chinese exports, combined with new Indonesian production and Middle East restarts, are increasing availability in ex-China markets and putting pressure on physical premiums.

India Market and Scrap

India followed the global correction, with MCX aluminium declining 3.5% to ₹336.5/kg. However, the secondary market remains relatively firm because of tight scrap availability. India relies heavily on imported aluminium scrap, leaving recyclers exposed to international supply restrictions, freight costs and inspection-related delays. The UAE's temporary aluminium scrap export restrictions remain relevant, with developments after October 8 important for Indian recyclers.

Alumina Supply Improves

The alumina market is also becoming more comfortable as overseas refinery production recovers. Increasing Indonesian alumina capacity should improve medium-term availability. Hindalco's decision to route spot alumina tenders through Metalshub is aimed at improving price transparency and transaction-based price discovery, which could eventually support more efficient alumina price-risk management.

Macro Remains a Headwind

A stronger US dollar and elevated Treasury yields continue to weigh on base metals. Although softer US employment data has reduced expectations of an immediate Fed rate hike, financial conditions remain restrictive. Brent crude above $100/bbl provides some cost support because aluminium production is highly energy-intensive, but the market is currently giving greater weight to improving physical supply.

Aluminum

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Blugalnce View

Aluminium has shifted from a supply-disruption story toward a supply-recovery phase. Middle East restarts, Indonesian capacity additions and strong Chinese exports are increasingly outweighing the support from low Chinese inventories. The key indicators for the coming week are post-holiday Chinese inventories, downstream operating rates, Indonesian production, Middle East smelter recovery, physical premiums and the US dollar and FOMC meeting minutes.

Technical Outlook

The technical structure has weakened significantly following the more than 5% weekly decline in LME aluminium. Prices remain below key short-term 20 day exponential moving average and forming lower highs and lower lows on weekly charts

Weekly Range: $3,040–3,200/t
Perspective: Sell on rallies. Recoveries toward $3,180–3,200/t are likely to attract selling interest, with $3,200/t acting as the key resistance zone.

Aluminum Chart

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Copper

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Macro Headwinds vs Structural Strength

The U.S. Dollar Index is trading near 102.5, extending its steady rise since the recent FOMC rate hike. The stronger dollar, coupled with persistent risk-off sentiment and elevated 10-year U.S. Treasury yields near 5.25%, has weighed on commodities and base metals. However, copper has demonstrated notable resilience, with its correction remaining relatively shallow compared to aluminum, zinc, and lead.

October is shaping up to be a crucial month for metals. While recent U.S. jobs data suggests the Fed may consider pausing further rate hikes, the policy outlook remains uncertain. In the absence of Chinese participation during the Golden Week holiday, broader macro factors are likely to dominate price action. Markets will closely monitor the FOMC minutes, Fed commentary, Treasury yields, and the dollar's trajectory for direction.

Blugalnce View

From a copper-specific perspective, market structure remains supportive. Key support levels are seen at $14,100/t and $14,000/t, while upside momentum toward $14,550–14,650/t may require a softer dollar and positive signals following China's market reopening. Inventory trends remain mixed, with CME stocks above 750,000 MT, stable LME inventories, and MCX stocks falling below 9,000 MT, reflecting tighter domestic availability.

Overall, copper continues to show relative strength, but macro uncertainty is likely to keep volatility elevated through the remainder of October. Caution remains warranted until clearer signals emerge from China and U.S. monetary policy.

Expected Trading Range: $14,100-$14,600/MT
Market Bias: Range bound – Buy on dips near lower range

Copper Chart

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Lead

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Lead Under Pressure, but Downside May Be Limited Amid Mixed Fundamentals

Lead came under renewed pressure last week, with LME 3M Lead falling 3.96% WoW to $1,853.5/t, after trading as high as $1,935.5/t and touching a low of $1,847.5/t. The correction was initially driven by a stronger U.S. dollar and elevated Treasury yields, while weaker Chinese physical activity ahead of Golden Week added further pressure. The Cash–3M spread widened from around $20/t to $37.9/t in contango, indicating softer near-term physical conditions.

LME inventories declined by 8,350 MT WoW to 354,175 MT, while the cancelled-warrant ratio eased to 8% from 10%, suggesting that the stock draw has not translated into a stronger immediate tightness signal.

Domestic Market & Battery Demand

On the domestic front, MCX Lead remained relatively resilient, gaining 0.52% WoW to ₹192/kg. MCX inventories rose to 3,593 MT, indicating some easing in domestic tightness, but remain low compared with LME and SHFE. The MCX–LME structure also remains supportive, with MCX Lead trading at a net premium of around $35/MT over the adjusted LME Cash equivalent.

India's replacement automotive and industrial battery demand provides some support to domestic Lead consumption.

China Demand, Secondary Supply & TCs

In China, lead-acid battery operating rates fell sharply to 58.08% during 25 September–1 October as holiday closures reduced production and physical activity. Meanwhile, October secondary refined Lead production is expected to increase by around 24,900 MT MoM as smelters resume operations, although tight scrap-battery availability could limit the recovery.

The upstream market remains tight, with domestic Lead concentrate TC falling to around 100 yuan/MT and imported TCs remaining deeply negative. Downstream demand remains mixed, while India's replacement automotive and industrial battery demand provides a relatively stable domestic consumption base.

Macro Focus

The key event this week is the FOMC meeting minutes on 7 October. September U.S. payrolls rose by only 29,000 versus around 90,000 expected, sharply reducing expectations of an October Fed hike and potentially easing dollar pressure on base metals.

China's reopening on 8 October will also provide a clearer read on post-holiday demand.

Source: Bloomberg & SMM

Lead

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Blugalnce View

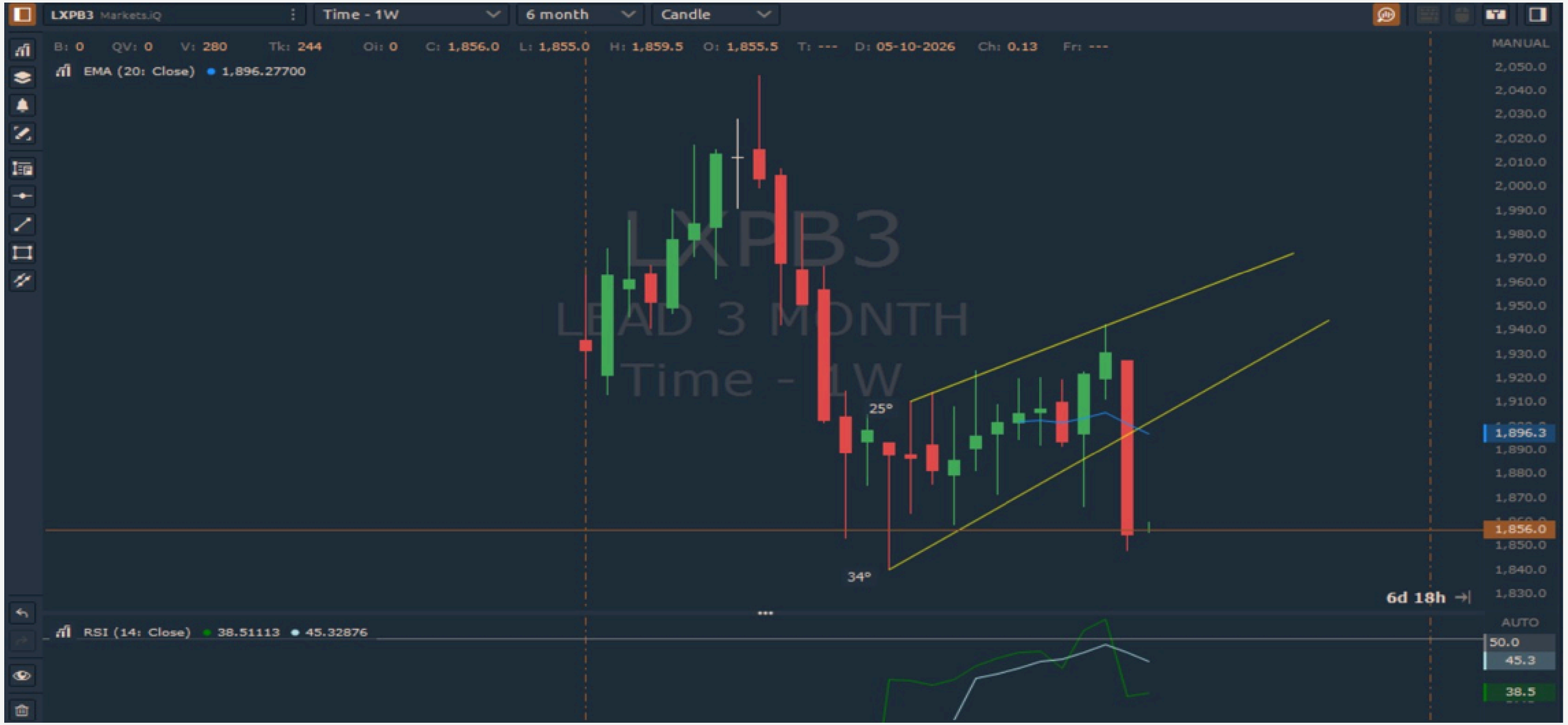
Lead remains under pressure amid recovering secondary supply and weak Chinese demand, although tight concentrate availability continues to provide underlying support. With Lead now trading close to the $1,840 July low, the recent correction appears to have brought the risk-reward into a more balanced zone.

LME Lead 3M is expected to remain range-bound between $1,840–1,890/t in the near term, with $1,840 acting as key support and $1,890 as the immediate upside level. A softer dollar following weak U.S. payrolls and improving post-holiday Chinese demand could support stabilization and a gradual rebound.

Expected Weekly Range (USD): 1,840 – 1,890
Directional View: Range bound, Buy on dips near lower range / Sell on rallies near upper range

Lead Chart

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Nickel

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Market Performance

Nickel extended its decline this week, with LME 3M nickel falling 5.22% WoW to $15,530/MT. SHFE October nickel settled at RMB 121,530/MT on 30 September, down 2.9% WoW, while MCX October nickel fell 3.4% WoW to ₹1,540.1/kg on 1 October.

Nickel was one of the weakest performers across the base-metals complex, with aluminium seeing a sharper decline, as the market faced pressure from weak demand signals, elevated inventories and a fading supply-risk premium.

The decline accelerated as the market failed to sustain the earlier premium associated with Indonesia's supply disruptions. While tighter NPI availability provided some fundamental support, sufficient supply flexibility and subdued downstream demand continued to weigh on prices.

Elevated US yields and dollar strength added further pressure to industrial metals.

Inventory & Physical Market

LME nickel inventories edged up to 285,168 MT, while the cancelled-warrant ratio increased from 6% to 10%, indicating some metal is being earmarked for withdrawal. However, the overall stock level remains high and the Cash–3M contango at around $186/MT continues to indicate comfortable nearby availability.

SHFE inventories declined by 584 MT WoW to 107,495 MT before the China National Day holiday, with on-warrant stocks falling by 1,683 MT to 90,835 MT. However, the October–November spread remained in contango, limiting the significance of the draw. The significance of the inventory movement will be clearer after the market reopens and post-holiday physical demand emerges. MCX inventory stood at 71.82 MT, with the October–November spread also remaining in contango at around ₹7.9/kg.

Overall, inventory movements show some signs of tightening in physical availability, but the signal remains insufficient to indicate prompt-market scarcity.

Fundamentals

Indonesia remained the key supply-side variable. Water shortages at IMIP have reduced operating rates at some RKEF lines and affected HPAL operations, while producers are exploring alternative water sources to limit the disruption. At the same time, additional ore quota availability under the RKAB framework and lower Indonesian ore prices indicate that the upstream ore market is not facing the same degree of tightness.

On the demand side, weaker stainless-steel orders and tight mill margins are expected to weigh on October 300-series production, potentially offsetting part of the reduction in NPI availability. The battery segment remains less supportive, with softer nickel sulphate and MHP markets reflecting subdued NCM demand and continued LFP substitution.

The balance is therefore tightening at the margin, but downstream demand remains insufficient to turn the market into a clear deficit.

Nickel

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Macro

The macro backdrop remained challenging, with US 10-year and 2-year Treasury yields around 5.27% and 4.8%, respectively. Markets had earlier priced a relatively high probability of an October Fed hike, but Friday's September payrolls report showed only 29,000 jobs added versus 90,000 expected, sharply reducing October hike expectations to around 25%.

The weaker labour data reduced near-term tightening expectations and should normally support industrial metals through lower rate and dollar pressure. However, nickel's continued decline suggests that physical fundamentals are currently outweighing the supportive macro impulse.

Key Events to Watch

The key events this week are the 7 October FOMC minutes and the 8 October reopening of Chinese markets. The minutes will provide further insight into the Fed's policy path, while the SHFE reopening will show whether Chinese buying can absorb the weakness seen on LME during the holiday.

Post-holiday Chinese inventories and physical-market activity will be important indicators of underlying demand. Developments in Indonesian supply and ore availability will also remain important for the supply outlook.

Source: Bloomberg & SMM

Blugalnce View

Nickel is expected to trade with a sideways-to-cautious bias within the $15,400–16,000/MT range in the near term. Following the sharp weekly correction, nickel has scope for a near-term rebound from lower levels, particularly if Chinese buying improves after the holiday. However, elevated inventories, persistent contango and subdued downstream demand are likely to limit the sustainability of any recovery.

Indonesian supply disruptions and potential signs of tighter spot availability should provide support near the lower end of the range, while a sustained move above $16,000/MT would require stronger physical demand or a prolonged supply disruption. A break below $15,400/MT would weaken the outlook further.

Expected Weekly Range (USD): 15,400 – 16,000
Directional View: Range bound — Buy on dips near lower range / Sell on rallies near upper range

Nickel Chart

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Zinc

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Stronger Dollar and Weak Chinese Demand Weigh on Prices

Zinc came under strong selling pressure last week, with LME zinc falling nearly 5% to around $3,700/MT, while MCX zinc declined nearly 3% to ₹410/kg. The correction was driven by weaker Chinese downstream demand, the holiday-related slowdown, improving refined-metal availability and a sharp rise in the US dollar, with DXY moving above 102. The stronger dollar added further pressure to dollar-denominated base metals and contributed to the broader correction.

Concentrate Supply Remains Tight

The upstream market continues to provide fundamental support. Zinc concentrate availability remains tight, with imported treatment charges around -$136/dmt at the end of September. Lower mine output and disruptions at key operations have kept competition for concentrate high.

Peru has also reported weaker zinc production, while declining grades at major mines such as Antamina and Red Dog remain a concern. Deeply negative treatment charges continue to highlight the pressure on smelters to secure sufficient feedstock.

Inventories Turn Less Supportive

Inventory trends have become less supportive for prices. MCX warehouse stocks increased to around 868 MT from 211 MT a month earlier, indicating fresh domestic stock additions. LME inventories also rose to nearly 124kt, reducing immediate concerns over refined-metal availability.

China's higher refined zinc exports have further improved availability outside China and could continue to replenish LME stocks if the export flow remains strong.

Domestic Market Remains Relatively Expensive

Despite the correction, the domestic market remains relatively firm compared with international prices. MCX October-November remains around ₹12/kg in backwardation, indicating tighter nearby availability.

At the same time, MCX zinc is trading at a premium of more than $200/MT to LME on an import-parity basis, limiting the incentive for fresh imports. This premium could, however, become a pressure point if LME prices continue to decline.

Zinc

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Global Supply-Demand Balance

The global zinc market remains caught between tight upstream fundamentals and softer refined-metal demand. Mine disruptions and very low treatment charges point to constrained future refined supply, while rising LME inventories and Chinese exports suggest that immediate metal availability has improved.

This combination is likely to keep the market volatile and prevent a clear directional trend until Chinese demand strengthens.

Source: SMM & Reuters

Blugalnce View

We expect LME zinc to remain range-bound between $3,660–3,820/MT this week. We prefer selling on rallies toward the upper end of the range and looking for buying opportunities closer to the lower end.

Chinese post-holiday demand, the US dollar, LME inventories, MCX stocks, the cash–3M spread and concentrate treatment charges will remain the key indicators to watch.

Expected Range: 3,660 – 3,820
Bias: Range bound — Buy on dips near lower range / Sell on rallies near upper range

Zinc Chart

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