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Weekly Base Metals Insights

12th Oct to 16th Oct, 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

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Aluminium

Down 1.34% WoW, Close Price $3,057/MT; continued under pressure after testing June low near $3,040, post-holiday China social stocks rose 48kt to 686kt, oversold but no clear reversal signal yet.

Copper

Up 1.99% WoW, Close Price $14,550/MT; most resilient in the complex, Cash-3M backwardation widened to $136/MT signalling tight nearby availability despite macro headwinds.

Lead

Up 1.73% WoW, Close Price $1,885.50/MT; recovered after China reopened but failed to sustain above $1,900, LME stocks fell 7,050t while cancelled warrants rose to 11%.

Zinc

Up 2.70% WoW, Close Price $3,801.50/MT; recovered from weekly low of $3,682 on short covering, but rising LME inventories and narrowing backwardation below $50/t temper the upside.

Nickel

Up 1.09% WoW, Close Price $15,700/MT; LME recovered but SHFE and MCX declined, divergence suggests fragile recovery with elevated inventories capping upside.

Key Events

US CPI and Core CPI (Wed, 14 Oct) is the biggest event of the week, with China CPI/PPI the same morning providing the demand/deflation signal. US Retail Sales and Jobless Claims (Thu, 15 Oct) follow. India CPI due today at 16:00 IST.

Economic Calendar

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12th Oct to 16th Oct

Monday, 12th Oct

16:00 | India CPI YoY (Sep) — Survey: 5.57% | Prior: 4.82%

Tuesday, 13th Oct

17:45 | US ADP Employment Change (Oct) — Prior: 23.80k

Wednesday, 14th Oct: MOST CRITICAL DAY

07:00 | China CPI YoY (Sep) — Survey: 1.00% | Prior: 0.80%
07:00 | China PPI YoY (Sep) — Survey: 4.50% | Prior: 3.80%
18:00 | US CPI YoY (Sep) — **BIGGEST EVENT OF THE WEEK** — Survey: 3.60% | Prior: 3.40%
18:00 | US Core CPI YoY (Sep) — Survey: 2.50% | Prior: 2.40%

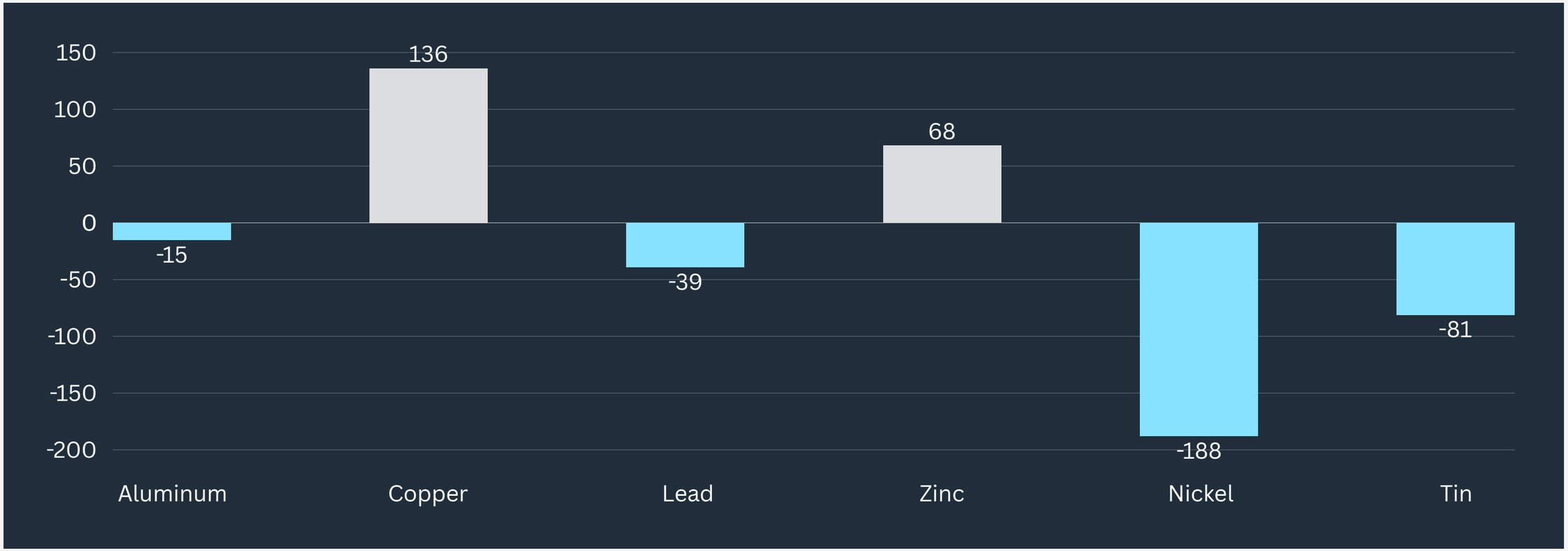
Thursday, 15th Oct

18:00 | US Retail Sales Advance MoM (Sep) — Survey: 0.30% | Prior: 1.10%
18:00 | US Initial Jobless Claims (10-Oct) — Survey: 200k | Prior: 197k
18:00 | Philadelphia Fed Manufacturing Index (Oct) — Survey: 30 | Prior: 38

Friday, 16th Oct

14:30 | EC CPI YoY (Sep F) — Survey: 3.80% | Prior: 3.80%
18:45 | US Industrial Production MoM (Sep) — Survey: 0.40% | Prior: 0.00%

LME Base Metals: Cash-3m Spread Snapshot



Source: Bloomberg, 3 Month Forward price of LME

(-) number denotes Contango and (+) Backwardation

Note: Copper's backwardation remains the standout at $136/t, signalling tight prompt physical availability. Zinc also holds firm in backwardation at $68/t. Aluminium and Lead stayed in contango, largely unchanged from last week. Nickel remains in the deepest contango at $188/t, reflecting comfortable nearby supply, while Tin's contango narrowed modestly.

Performance Snapshot: All Metals

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Asset	Oct 9, 2026	Oct 2, 2026	WoW %	YTD %
Dollar Index (DXY)	102.23	101.92	0.30%	3.70
Copper	14550.00	14266.50	1.99%	14.29
Aluminium	3057.00	3098.50	-1.34%	3.39
Lead	1885.50	1853.50	1.73%	-7.58
Zinc	3801.50	3701.50	2.70%	18.41
Nickel	15700.00	15530.00	1.09%	-7.28

LME Weekly Market Range (12th Oct to 16th Oct)

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Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	102.23	101.55 – 102.90	Bullish
Copper	14550.00	14,300 – 14,750	Mildly Bullish (Correction risk at upper range)
Aluminium	3057.00	2,980 – 3,160	Bearish
Lead	1885.50	1,865 – 1,910	Sideways (Trade the range)
Zinc	3801.50	3,700 – 3,840	Sideways (Trade the range)
Nickel	15700.00	15,500 – 16,180	Sideways to Bearish (Trade the range)

Aluminum

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Oversold Conditions Offer Scope for Recovery, but Inventory Build-Up Keeps Risks Skewed to the Downside

LME aluminium remains under pressure after testing the June low near $3,040/MT on October 8. The correction reflects a combination of rising Chinese inventories, subdued demand and a lack of fresh buying interest at higher levels. While prices have become oversold, the market has yet to show a clear reversal signal. A technical recovery is possible in the coming week, but its sustainability will depend on whether selling pressure eases and physical demand begins to absorb the additional supply.

China's reopening after the National Day holiday brought a sharp increase in visible inventories. Primary aluminium social stocks rose by 48,000 MT to 686,000 MT as of October 8, against 638,000 MT before the holiday. The increase is partly seasonal, given the disruption to trading and logistics during the holiday period, but the pace of subsequent destocking will be important. Unless downstream consumption improves, the inventory build-up could continue to weigh on sentiment across international markets.

The picture outside mainland China is relatively mixed. LME inventories stood at 238,875 MT on October 9, while Chinese bonded stocks declined by 3,500 MT to 114,600 MT. The absence of a comparable rise in LME stocks suggests that the immediate supply pressure remains concentrated in China. However, this offers limited support to prices if Chinese consumption remains weak and additional metal continues to accumulate in domestic warehouses.

The LME forward curve also points to relatively comfortable nearby availability. Cash aluminium remained in contango against the three-month contract, with the spread around $15/MT. This contrasts with the backwardation in nearby Chinese futures, indicating a small premium for immediate delivery in the domestic Chinese market. The difference highlights the uneven distribution of physical tightness across regions rather than a broad-based shortage of metal.

Fund positioning adds another dimension to the outlook. LME data show investment funds holding a net long position of 130,234 contracts, while commercial participants are net short 130,628 contracts. The substantial net long held by funds suggests that bullish exposure remains in place despite the recent price weakness. Commercial net shorts, meanwhile, can reflect producer and merchant hedging rather than a direct bearish view. The key risk is that continued weakness prompts funds to reduce their long positions, adding fresh selling pressure to an already fragile market. Conversely, stabilisation near recent lows could encourage short covering and provide support for a technical rebound.

Aluminum

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For Indian consumers, the international price trend remains important alongside domestic inventory and delivery conditions. MCX aluminium closed the week 0.40% lower at ₹335.35/kg, after trading between ₹332 and ₹342/kg. The contract settled near the lower end of the range, indicating that selling pressure remains intact.

However, MCX exchange inventories fell to 96 MT as of October 9, including Aluminium Mini, from 329.99 MT on September 9. Domestic first-to-second-month backwardation also widened to ₹1.45/kg, pointing to a premium for near-term delivery despite the weakness in outright prices. These factors may limit immediate domestic availability concerns, although they are not sufficient on their own to offset a sustained decline in LME prices.

Indian scrap consumers should also monitor developments concerning the UAE aluminium scrap export restriction, which reportedly continued beyond its October 8 review date under an automatic-renewal provision. Any reduction in Gulf-origin scrap availability could raise sourcing costs and landed prices for Indian importers, even if primary aluminium prices remain under pressure internationally.

Weekly Perspective

LME aluminium is expected to trade within the $2,980–$3,160/MT range in the near term. Oversold conditions could trigger a recovery towards $3,130–$3,160/MT if the recent low holds. However, a failure to sustain buying interest could expose the market to renewed weakness towards $3,000–$2,980/MT.

US CPI and core CPI on October 14, followed by PPI and retail sales on October 15, will influence dollar direction and broader risk sentiment. A stronger dollar could add pressure, while softer data may offer temporary relief. For now, rallies are likely to face selling interest until Chinese inventory growth moderates and demand conditions improve.

Expected Weekly Range (USD): $2,980 – $3,160
Bias: Bearish

Aluminum Chart

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Copper

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Strong Fundamentals, Rising Volatility: Risk–Reward Becomes Challenging

Market Outlook: Bullish Fundamentals, Cautious Execution

LME copper is trading around $14,500/MT, up approximately 15% YTD, supported by strong near-term backwardation, October inventory declines and supply-side risks. Cash-to-3M backwardation has widened to around $136/MT, signalling tight nearby availability. However, substantial inventory additions year to date remain a counterweight.

China: The Key to Sustaining the Rally: The SHFE curve shows annualised backwardation of approximately 10% in October–November, gradually flattening in deferred contracts to around 2.5% across October 2026–September 2027. Elevated domestic prices, a Yangshan import premium near $135/MT, and declining SHFE and social inventories indicate near-term tightness. Continued downstream buying could sustain the upward trend, although higher prices may eventually delay procurement and constrain demand.

Macro Risks and Key Events: A stronger US dollar, elevated Treasury yields and expectations of further Fed tightening are restraining copper's upside. US CPI on 14 October is the week's key event, alongside China's CPI/PPI and US Retail Sales and Industrial Production. Stronger US inflation could pressure metals through higher yields and a firmer dollar, while softer data may provide relief.

Client View and Trading Strategy

We retain a constructive view on underlying fundamentals, but risk-reward is becoming increasingly challenging at current levels. Two-way volatility is likely as tight physical conditions compete with macroeconomic headwinds.

- **Support:** $14,200/MT
- **Resistance:** $14,600–14,875/MT
- **Bullish trigger:** Sustained breakout above resistance, supported by Chinese demand and inventory declines. Risk to monitor: A break below $14,200 could trigger a deeper correction.

Weekly Perspective

Perspective: Copper's structural support remains intact, but further upside will require continued Chinese buying and a more favourable macro backdrop. Avoid chasing sharp rallies; focus on confirmation, disciplined entry levels and risk management. Volatility is likely to remain a defining feature of the October market.

Copper Chart

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Lead

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Recovery Within Range as Supply Signals Remain Mixed

Lead recovered over the week, with LME 3M Lead rising 1.73% WoW to $1,885.50/t after trading between $1,847.50/t and $1,909/t. The recovery gained momentum following China's reopening after Golden Week, but the initial advance proved difficult to sustain. On Thursday, prices reversed sharply during the second half of the session as selling pressure spread across base metals, before Friday's rebound improved the weekly close. The failure to hold above $1,900/t suggests that the recovery has yet to develop into a decisive breakout.

This lack of follow-through is also reflected in the contrast between global and domestic price action. MCX Lead gained 1.56% WoW to ₹195/kg, while the broader base-metals complex remained mixed; zinc rose 2.70%, copper 1.99% and nickel 1.09%, whereas aluminium declined 1.34%. The domestic gain and Friday's recovery indicate that selling pressure has eased, but the next move will depend on whether physical-market conditions can support prices near the upper end of the recent range.

Physical Fundamentals: Inventory Draws Have Yet to Tighten the LME Structure

Exchange inventories offer some support to that recovery. LME Lead stocks declined by 7,050 MT WoW to 347,125 MT, while MCX inventories fell by 587 MT to 3,006.1 MT. The MCX drawdown is notable given the relatively low domestic stock base, but the global picture remains less supportive: LME inventories are still elevated, and the Cash-3M spread remained in contango at $38.70/t. The narrowing of the contango late in the week suggests a modest improvement in nearby conditions, but not yet a decisive tightening in prompt supply.

The increase in LME cancelled warrants from 27,400 MT to 38,550 MT, lifting the ratio from approximately 8% to 11%, provides an additional signal to monitor. A higher ratio means more metal is earmarked for withdrawal, although it does not guarantee that stocks will leave warehouses or that a shortage is developing. SHFE inventories were unchanged at 55,986 MT between 30 Sep and 9 Oct, with the holiday closure limiting the comparison as a fresh demand signal. Meanwhile, Oct Lead closed at ¥16,250/t, above November at ¥16,080/t, leaving SHFE in backwardation. This firmer nearby structure contrasts with LME contango, suggesting that regional conditions are not fully aligned and that the global market has yet to confirm a broad-based supply squeeze.

China and Supply: The Missing Link Is Stronger Physical Buying

The mixed exchange signals make China's secondary-lead market particularly important. Following the Golden Week holiday, scrap-battery procurement remained cautious, with some recyclers in East and North China reporting collection of around 10 tonnes/day. Some smelters reduced scrap prices by ¥50–200/tonne, while sufficient existing raw-material inventories and sluggish downstream buying continued to limit procurement. These conditions suggest that the initial price recovery has yet to be validated by stronger physical offtake, leaving demand-side confirmation crucial for a sustained rally.

Supply developments add another dimension to the outlook. An East China secondary-lead smelter reportedly resumed operations at reduced capacity following an equipment disruption. In Peru, Colpa's Q3 lead output rose 15% YoY to 6,504 tonnes, while zinc production increased 24% to 4,558 tonnes. As lead and silver can be recovered together during polymetallic ore processing, higher mine output has implications for both metals. However, this single-site increase does not establish a global surplus; sustained inventory declines and stronger Chinese buying remain key to a durable Lead recovery.

Source: Bloomberg & SMM

Lead

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Macro and Positioning: The Next Catalyst Could Come From Inflation Data

Until physical demand improves, Lead remains vulnerable to macroeconomic shifts. Thursday's sell-off coincided with US jobless claims of 197K versus 200K expected, Treasury yields above 5.3%, the DXY at 102.13 and Brent crude at $105.65/bbl. These factors may have reinforced selling pressure, alongside positioning indicators pointing to increased selling, although they cannot be confirmed as the sole cause.

Friday's rebound followed a reported US announcement pausing further military action until 2 November, potentially supporting sentiment, though its price impact remains uncertain.

Geopolitical risks persist, with US sanctions on five Indian individuals and two companies over alleged Iranian petroleum trade potentially affecting oil flows, currency sentiment and energy costs. The reported PERM suspension involving major technology firms may influence broader risk appetite, with limited direct implications for Lead.

Separately, MCX's Lead Mini delivery-centre shift from Chennai to Palwal, effective November, may improve regional delivery alignment but is a structural development rather than a driver of this week's prices.

Weekly Perspective: Range-Bound With Resistance Near $1,900/t

The week's price action supports a range-bound outlook. LME Lead briefly reached $1,909/t but failed to sustain the breakout, closing at $1,885.50/t within the previous $1,840–1,890/t range. The $1,850–1,860/t area remains an important demand zone to monitor on renewed declines, while $1,900/t is the key near-term resistance.

For 12–16 October, the expected range remains $1,865–1,910/t, with a range-bound bias. A sustained move above resistance would require stronger Chinese buying and clearer evidence of tightening nearby supply. Otherwise, prices may continue consolidating within the range.

Expected Weekly Range (USD): $1,865 – 1,910
Directional View: Sideways (Trade the range)

Lead Chart

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Nickel

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Market Performance: Recovery Remains Fragile

LME 3 month nickel reportedly rose 1.09% WoW to $15,700/MT, while SHFE October nickel fell 2.38% to approximately ¥118,640/MT and MCX October nickel declined 2.77% WoW to around ₹1,523/kg. The divergence suggests that the LME recovery lacked broader market support, as high inventories and subdued demand continued to weigh on prices.

Inventory & Spreads: No Clear Supply Squeeze

LME nickel inventories declined by 2,304 MT WoW to 282,864 MT. However, cancelled warrants also fell to 27,084 MT from 29,208 MT, reducing their share of total stocks to 9.58%. The LME Cash-3M contango remained wide at around $186/MT, while MCX October–November Contract contango has widened to ₹17/kg, indicating that near-term supply remains comfortable. As a result, the decline in headline inventories does not yet signal a meaningful tightening in the market. A sustained reduction in Indonesian output would need to translate into lower refined nickel availability to provide stronger price support.

Supply: Production Cuts Face Offsetting Factors

Water shortages at Indonesia Morowali Industrial Park have already forced some smelters to reduce NPI output, although the total production loss remains unquantified. Meanwhile, Indonesia imported 13.52 million tonnes of Philippine nickel ore in January–August, up 65.75% YoY, supporting feedstock availability that could help sustain smelter output. The recovery of some HPAL operations may also support MHP supply, although these processing routes serve different product markets.

Indonesia's proposed restrictions on new semi-finished nickel capacity could eventually limit supply growth, but they have not yet translated into confirmed production cuts. For now, the disruption is a genuine supply risk, but its effect on the overall market balance remains uncertain.

Demand: The Critical Constraint on Price Recovery

The impact of the Indonesian disruption depends partly on whether Chinese stainless-steel producers need to compete more aggressively for NPI. However, stainless-steel inventory accumulation and subdued downstream buying suggest that mills may remain cautious about increasing procurement. High NPI inventories can also buffer the immediate impact of lower smelter output. In the battery chain, weaker nickel sulphate pricing alongside improving MHP availability offers limited evidence of stronger near-term demand.

This creates the central tension in the nickel market: production disruptions may tighten spot availability, but weak purchasing limits the extent to which that tightening translates into a sustained price recovery.

Nickel

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Macro: A Secondary Headwind

The US Dollar Index rose 0.30% WoW to 102.231, while the rupee weakened approximately 0.43% to ₹96.735 against the dollar. Although rupee depreciation typically cushions MCX nickel against declines in global prices, the domestic contract still weakened, indicating that currency support was insufficient to offset underlying market pressure.

Meanwhile, US initial jobless claims fell to 197k, below expectations of 200k, signalling labour-market resilience. Treasury yields rising above 5.30% and Brent crude exceeding $104/bbl heightened concerns over persistent inflation and higher-for-longer interest rates, potentially weighing on industrial metals through a stronger dollar and tighter financial conditions. The subsequent easing in yields and oil reduced some of this pressure, but nickel's recovery remains constrained by weak demand and ample inventories.

Key Events to Watch

US and China inflation data, US PPI, retail sales and jobless claims will shape the macro backdrop. Hotter US inflation could strengthen the dollar and lift yields, while Chinese producer-price and industrial activity data will help assess whether industrial demand is improving.

Source: Bloomberg & SMM

Weekly Perspective

LME 3M nickel is expected to trade between $15,500 and $16,180/MT. The upside case depends on stronger Chinese procurement and evidence that Indonesian disruptions are reducing available supply rather than being absorbed by existing inventories. Without these confirmations, the market is likely to remain range-bound, with downside risk if demand weakens further.

Expected Weekly Range (USD): $15,500 – 16,180
Directional View: Sideways to Bearish (Trade the range)

Nickel Chart

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Zinc

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LME Zinc Recovers as Chinese Export Flows and Rising Inventories Temper Supply Tightness

LME zinc recovered towards the end of the week, with three-month forwards settling at $3,806/tonne, up 2.34%. Prices rebounded from the weekly low of $3,682/tonne, supported by improved sentiment and short covering after earlier pressure from a stronger dollar, rising oil prices and concerns over the global macroeconomic outlook. Despite the recovery, the market remains caught between constrained supply from Western smelters and increasing availability of metal through Chinese exports. The latest price action suggests that selling pressure has eased, although a sustained recovery will require stronger physical demand or renewed evidence of supply tightness.

China remains a key influence on the LME outlook. Refined zinc exports reached 40,668 tonnes in August as weaker domestic demand and favourable export economics encouraged shipments into overseas markets. These flows have helped replenish LME warehouses and ease the immediate shortage that supported prices during September. The post-holiday inventory build-up in China is another factor to monitor. If domestic consumption fails to absorb the additional material, further export availability could limit international price gains. However, the export trend will also depend on the LME–China price arbitrage, freight costs and the availability of exportable metal.

The easing of nearby supply tightness is visible in the LME forward curve. Cash-to-three-month backwardation has narrowed to below $50/tonne, compared with substantially higher levels during September . A smaller backwardation indicates that the premium for immediate delivery has moderated, reducing the urgency among consumers to secure nearby material. LME inventories stood at 126,850 tonnes on October 9, having increased considerably from their mid-August lows. The combination of higher exchange stocks and a narrower cash premium points to improved nearby availability. Nevertheless, inventory levels remain an important variable, as renewed drawdowns could quickly restore some of the tightness seen earlier.

Supply constraints continue to provide a counterweight to these bearish developments. Weak treatment charges, subdued smelter economics and production cuts have limited refined zinc output in China. September production declined 1.9% month on month and 6.4% year on year, while the expected October recovery was relatively modest. This suggests that the recent increase in export availability should not automatically be interpreted as the beginning of a sustained global supply surplus. The balance between Chinese smelter production, domestic consumption and exports will determine whether LME inventories continue to rise or begin to tighten again.

Fund positioning adds another dimension to the outlook. Investment funds hold a net long position of 43,979 contracts, while commercial participants are net short 31,084 contracts. This reflects a bullish financial positioning bias, but it does not guarantee further price appreciation. Commercial short positions may represent hedging against physical exposure, while the sizeable fund net long leaves prices vulnerable to liquidation if the recovery loses momentum. The late-week rebound should therefore be assessed alongside subsequent changes in open interest, fund positioning and the cash-to-three-month spread.

For Indian consumers, the international market presents a different picture from domestic availability. MCX zinc stocks fell sharply to 71 tonnes from 868.4 tonnes at the beginning of October. Domestic futures backwardation of approximately ₹13.35/kg also indicates a premium for near-term delivery. These factors may support nearby MCX contracts even as LME backwardation eases. However, low exchange inventories do not necessarily represent a shortage across the entire domestic physical market. Indian buyers should continue monitoring physical premiums, delivery availability, the rupee-dollar exchange rate and the LME–MCX price relationship when assessing procurement costs.

Source: SMM & Reuters

Zinc

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Weekly Perspective

LME zinc has recovered from its weekly lows, but higher warehouse inventories, increased Chinese export availability and easing backwardation could restrict the upside. Constrained smelter economics and the possibility of renewed inventory tightness provide support, while domestic supply conditions remain relatively firmer than the international picture.

MCX zinc is expected to trade within ₹412–430/kg, while LME zinc may remain in the $3,700–3,840/tonne range. Buying interest may emerge towards the lower end of these ranges, while the upper end could attract selling pressure.

Expected Weekly Range: $3,700 – 3,840
Bias: Sideways (Trade the range)

Zinc Chart

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