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Weekly Base Metals Insights

26th Oct to 30th Oct, 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

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Aluminium

Up 1.08% WoW, Close Price $3,040.50/MT; oversold rebound as LME backwardation widened sharply to $27/t from $3.70/t; aggregate inventories declined towards 450,000 MT, but macro uncertainty and elevated energy costs cap further gains.

Copper

Down 0.43% WoW, Close Price $14,298/MT; LME stocks surged 48,325 MT (+21.4%) to 273,750 MT concentrated in US warehouses; backwardation held near $100/t; Yangshan premium hit $148/MT — physical tightness persists despite inventory build.

Lead

Up 1.09% WoW, Close Price $1,905.50/t; most resilient in the complex, testing $1,910/t resistance; LME stocks fell 17,100 MT to 322,175 MT, cancelled warrants doubled to 71,200t; cash-3M contango narrowed to $20.21/t.

Zinc

Up 1.69% WoW, Close Price $3,744.35/MT; recovered but constrained by rising LME inventories (~167,000t); cash-3M backwardation widened sharply to $73/t from $37/t — conflicting signals between stocks and spreads.

Nickel

Up 3.22% WoW, Close Price $15,865/MT; outperformed the complex, driven by Indonesian production-cut expectations (20% NPI, 50% MHP/matte); LME stocks rose to 280,674 MT while SHFE drew down — weak stainless demand and elevated inventories cap upside.

Key Events

FOMC rate decision (Wed, 28 Oct) is the biggest event. US Q3 GDP + Core PCE + ECB decision all land Thursday (29 Oct) — most critical day. China Mfg PMI (Sat, 31 Oct) also on the radar.

Economic Calendar

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26th Oct to 30th Oct

Monday, 26th Oct

18:00 | US Chicago Fed Nat Activity Index (Sep) — Survey: -0.09 | Prior: -0.04
20:00 | US Dallas Fed Mfct. Activity (Oct) — Survey: 8.5 | Prior: 9.8

Tuesday, 27th Oct

07:00 | China Industrial Profits YoY (Sep) — Prior: 4.20%
18:00 | US Durable Goods Orders (Sep P) — Survey: 1.60% | Prior: -0.10%
19:30 | US Consumer Confidence (Oct) — Survey: 80.5 | Prior: 81.9

Wednesday, 28th Oct

16:00 | India Industrial Production YoY (Sep) — Survey: 7.20% | Prior: 8.00%
23:30 | US FOMC Rate Decision — Survey: Hold at 4.00%/3.75% — **BIGGEST EVENT OF THE WEEK**

Thursday, 29th Oct

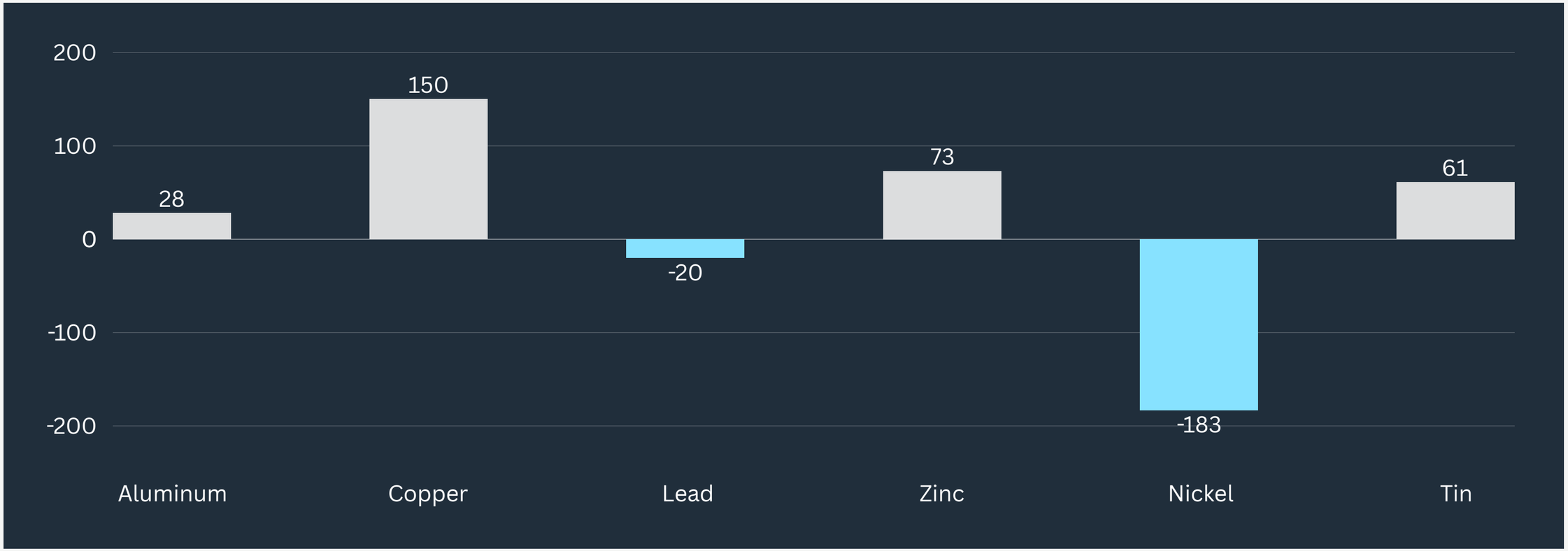
18:00 | US GDP Annualised QoQ (Q3 A) — Survey: 3.00% | Prior: 2.20%
18:00 | US Core PCE Price Index MoM (Sep) — Survey: 0.3% | Prior: 0.2%
18:00 | US Core PCE Price Index YoY (Sep) — Prior: 3.00%
18:00 | US Initial Jobless Claims (24-Oct) — Prior: 194K
18:45 | ECB Deposit Facility Rate — Survey: 2.50% | Prior: 2.50%

Friday, 30th Oct

08:30 | BOJ Target Rate — Survey: 1.25% | Prior: 1.25%
19:15 | US Chicago PMI (Oct) — Survey: 56.1 | Prior: 58.8

LME Base Metals: Cash-3m Spread Snapshot

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Source: Bloomberg, 3 Month Forward price of LME

(-) number denotes Contango and (+) Backwardation

Note: Copper and Zinc hold firm in backwardation, signalling persistent nearby tightness, while Aluminium and Tin also flipped into backwardation. Lead remains in mild contango, and Nickel stays in the deepest contango reflecting comfortable prompt supply and subdued physical demand.

Performance Snapshot: All Metals

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Asset	Oct 23, 2026	Oct 16, 2026	WoW %	YTD %
Dollar Index (DXY)	101.75	101.8	-0.05%	3.58
Copper	14298.00	14359.5	-0.43%	15.04
Aluminium	3040.50	3008	1.08%	0.37
Lead	1905.50	1885	1.09%	-6.01
Zinc	3744.35	3682	1.69%	17.79
Nickel	15865.00	15370	3.22%	-8.24

LME Weekly Market Range (26th Oct - 30th Oct)

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Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	101.75	100.50–102.70	Sideways
Copper	14,298.00	14,000–14,450	Bearish
Aluminium	3040.50	2,985–3,100	Sideways with bullish bias
Lead	1,905.50	1,888–1,920	Mildly bullish
Zinc	3744.35	3,650–3,800	Sideways
Nickel	15,865.00	15,550–16,300	Mildly bullish

Aluminum

Technical Recovery Amid Supply Constraints and Macroeconomic Uncertainty

Price Performance and Market Drivers: Aluminium prices recovered over the past week, in line with our earlier expectation of an oversold technical rebound. LME three-month aluminium closed approximately 1% higher at $3,040/MT, while MCX October futures gained nearly 1% to settle at ₹327.55/kg, supported by a broadly stable rupee. SHFE aluminium outperformed, advancing around 2% to RMB 23,825/MT. The recovery was underpinned by declining inventories and tighter international spreads, although uncertainty surrounding global growth, energy costs and geopolitical developments continued to temper market confidence.

The US Dollar Index remained broadly unchanged, offering limited directional impetus to base metals. In contrast, Brent crude rose above $112/bbl amid escalating Gulf tensions and concerns over potential supply disruptions. Elevated energy prices could increase aluminium smelting and transportation costs, providing cost-side support. However, sustained crude strength may reinforce inflationary pressures, complicate the interest-rate outlook and weigh on global industrial demand.

Market Structure and Inventory Trends: LME cash-to-three-month backwardation widened sharply to $27/MT from $3.70/MT in the previous week, signalling tighter prompt availability in the international market. Conversely, MCX backwardation narrowed to ₹0.40/kg from ₹1.70/kg, indicating an easing of nearby tightness in the domestic market. Meanwhile, aggregate inventories across LME, SHFE, MCX and CME declined towards 450,000 MT, reinforcing the underlying price-supportive backdrop. The divergence in spreads suggests that immediate physical tightness remains more pronounced internationally than in the domestic market.

Fund Positioning: Aluminium investment funds' net long position declined by 1,574 contracts to 123,350, indicating a marginal moderation in bullish positioning. Commercial undertakings' net short position narrowed by 5,015 contracts to 123,609, reflecting a reduction in net short exposure.

Source: SMM, Bloomberg & Bluglance Consulting Research

Aluminum

Supply Developments and Regional Risks: On the supply side, Emirates Global Aluminium (EGA) has restarted 631 of the 1,262 reduction cells at its Al Taweelah smelter, restoring approximately half of the affected capacity following the March shutdown. Full production is targeted for the first quarter of 2027, while the associated alumina refinery continues to operate at around 50% capacity. Although the gradual restart could help ease supply constraints, continued disruption risks around the Strait of Hormuz remain a concern for regional shipments, freight costs and physical premiums.

Meanwhile, Dubai's temporary restrictions on aluminium and other metal scrap exports reportedly remained in place beyond 8 October. India's aluminium scrap imports from six Gulf countries declined 33.5% year on year to 91,273 tonnes during April–July 2026, compared with 137,272 tonnes a year earlier. To offset the shortfall, India increased sourcing from alternative suppliers, particularly the US, UK and Australia. Longer shipping distances, higher freight and insurance costs, extended transit times and increased working-capital requirements could raise landed procurement costs for Indian secondary aluminium producers, depending on freight conditions, scrap grades and contract terms.

In Europe, Germany's industrial electricity-price support scheme for 2026–2028, targeting a benchmark of €0.05/kWh for eligible energy-intensive industries, could improve the cost competitiveness of aluminium smelters such as TRIMET. Lower electricity costs may support operating margins and reduce curtailment risks, although the actual impact will depend on eligibility criteria and implementation.

Upcoming Macro Events

The US Federal Reserve's policy decision on 28 October, followed by US GDP and Core PCE data on 29 October, will be key near-term catalysts. China's Manufacturing PMI on 31 October will provide further insight into industrial activity and metals demand. The US midterm elections on 3 November may also influence market expectations around trade policy, tariffs and fiscal developments.

Market Outlook and Trading Strategy

Aluminium's oversold technical recovery could extend modestly into the coming week, supported by declining inventories and a sharp widening in LME backwardation. However, macroeconomic uncertainty, elevated energy prices and resistance at higher levels may constrain further gains.

LME aluminium is expected to trade within $2,985–3,100/MT, while MCX aluminium may remain within ₹321–332/kg. We retain a mildly bullish near-term bias, favouring buying on dips rather than chasing rallies near resistance, while closely monitoring Fed communication, Chinese demand indicators and developments in Gulf supply routes.

Expected Weekly Range (USD): $ 2,985–3,100
Bias: Sideways with bullish bias

Aluminum Chart

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Copper

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Inventory Surge Challenges the Bullish Narrative, but Physical Tightness still Persists

Macro Headwinds, Warehouse Inflows and Backwardation — Outlook for Late October to Early November 2026

LME copper is entering the final days of October with a changing market structure. The sharp increase in exchange inventories is easing immediate supply concerns, but persistent backwardation and elevated regional premiums suggest that physical tightness has not fully disappeared.

Inventory Build-Up: A Shift in Global Metal Flows

LME copper stocks rose by 48,325 MT (21.4%) from 225,425 MT on 16 October to 273,750 MT on 23 October, with inflows concentrated largely in US warehouses, particularly New Orleans and Baltimore. US holdings reached 169,475 MT, around 62% of total LME stocks.

These figures represent on-warrant stocks—copper registered for delivery within the LME warehouse system. Off-warrant metal is reported separately and is excluded from headline inventories. Importantly, a rise in on-warrant stocks does not mean all the additional metal is immediately available to buyers; ownership, commercial commitments and potential warrant cancellations can affect prompt availability.

The build reflects changing COMEX–LME arbitrage economics, metal flows into LME warehouses and US tariff uncertainty. While the 21.4% increase is significant and tempers the bullish outlook, its impact is moderated by the concentration of stocks in the US and continued regional physical tightness.

Why Backwardation Persists?

Despite rising stocks, prompt copper continues to command a premium over three-month delivery. The cash-to-three-month spread was reported around $116/MT during 21–22 October, before narrowing further but maintaining near $100/MT. This indicates that additional warehouse stocks have not yet translated into uniformly available metal across consuming regions.

China's Yangshan import premium reached $148/MT on 21 October, while European producer premiums for 2027 deliveries remained elevated. Falling Chinese spot inventories and limited immediate supply replenishment also suggest that regional physical markets remain tight.

However, the inventory build is an important warning: if inflows continue and regional premiums weaken, the current backwardation could compress rapidly.

Copper

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Perspective: Late October to Early November

Our base case suggest consolidation with a cautious bias. We expect LME three-month copper to trade broadly within $14,000–14,600/MT into early November, with downside risks if inventory accumulation continues and the US dollar strengthens. This range is a scenario estimate, not a guaranteed trading range.

The Federal Reserve's 27–28 October meeting, developments in the US copper tariff decision, the COMEX–LME spread and China's inventory and premium trends will be key market catalysts. Continued US warehouse inflows alongside falling backwardation would strengthen the case for further price correction.

Conversely, stabilising LME stocks, resilient Chinese import premiums and persistent backwardation would limit downside and support recovery attempts.

Source: Bluglance Consulting Research

Procurement Strategy

For industrial consumers, staggered purchasing is preferable to aggressive spot buying (can have 15 day averaging or month averaging method with supplier) while macro uncertainty and inventory redistribution remain elevated. Monitor the $14,000/MT area as an important downside reference and $14,500–14,600/MT as a recovery resistance zone.

However, we feel the decisive signal will not be inventory growth alone, but whether rising stocks are accompanied by easing regional premiums and sustained compression in the cash-to-three-month spread.

Expected Weekly Range (USD): $ 14,000–14,450
Bias: Bearish

Copper Chart

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Lead

Prices Rise on Supply Tightness, but Further Gains May Be Limited

Lead remained resilient throughout the week, with LME three-month Lead rising 1.09% to $1,905.5/t despite weakness in Copper and mixed sentiment across base metals. Falling exchange inventories, continued maintenance at Chinese primary smelters and a narrowing Cash-3M contango supported prices above $1,900/t. However, recovering secondary-lead production and moderate downstream demand could limit further gains, keeping $1,910/t as the key resistance to watch. Lead traded between approximately $1,883.5/t and $1,911/t, recovering from Monday's low and testing resistance near $1,910/t. MCX Lead October futures gained 0.72% to ₹195.80/kg, while SHFE Lead rose 0.31% to ¥16,240/t, reflecting broad resilience across exchanges.

Exchange Inventories and Forward Curve: Exchange inventories declined across major exchanges, with LME Lead stocks falling 17,100 tonnes WoW to 322,175 tonnes, SHFE stocks declining by 23,761 tonnes to 26,802 tonnes, and MCX inventories decreasing by approximately 689 tonnes to 818.40 tonnes. At the LME, cancelled warrants increased from 37,600 to 71,200 tonnes, lifting the cancelled-warrant ratio from 0.11 to 0.22, indicating a greater volume of registered metal earmarked for withdrawal.

Meanwhile, the LME Cash-3M contango narrowed from $38.88/t to $20.21/t, reflecting improved near-term market tightness. However, with LME stocks still above 300,000 tonnes and the curve remaining in contango, the market has yet to signal a broad-based supply shortage.

China: Primary Supply Constraints and Secondary Recovery

Chinese lead supply remained mixed. Maintenance at a major central Chinese primary smelter, alongside extended maintenance at facilities in northern and northwestern China, kept refined-lead availability tight and smelter inventories low, with spot cargoes trading at premiums.

Meanwhile, the secondary-lead operating rate rose 2.4 percentage points to 33.2% during 16–22 October as a major Inner Mongolian plant resumed production. Further ramp-ups in Inner Mongolia and Shandong are expected to increase supply. However, stable scrap-battery prices and recyclers' reluctance to sell may constrain raw-material availability and slow the recovery. The balance between primary-smelter maintenance and rising secondary output will be key to near-term supply conditions.

Demand and Seasonal Factors: Lead-acid battery manufacturers' operating rate edged up 0.79 percentage points to 74.16% during 16–22 October. Automotive-battery production improved ahead of the traditional fourth-quarter peak, while the e-bike battery season was winding down and new orders weakened in some segments. Downstream buyers largely continued need-based procurement, with limited stockpiling. This suggests price support is driven mainly by supply constraints and inventory drawdowns rather than strong demand growth. Fading seasonal demand and the possibility of higher refined-lead imports into China remain downside risks.

Source: SMM, Bloomberg & Bluglance Consulting Research

Lead

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Macro Environment and Market Risks

The broader macroeconomic environment remained uncertain. The DXY declined marginally by 0.05% to 101.752, providing only limited currency support, while mixed performance across base metals reflected continued caution over global demand and monetary policy. The US Federal Reserve's 27–28 October meeting is a key upcoming event, with expectations of rates remaining unchanged at the October meeting but uncertainty persisting over the subsequent policy path. Inflation concerns, geopolitical tensions in the Middle East and weaker economic expectations could continue to limit risk appetite across industrial metals.

For lead, supportive inventory and supply conditions have partly offset macroeconomic headwinds, helping prices outperform the broader base-metals complex. However, recovering secondary-lead production, subdued downstream demand and the possibility of higher imports could limit further gains if supply availability improves.

Key Events: Week Ahead

- 28 October: US Fed interest rate decision
- 29 October: US Q3 GDP and core PCE inflation
- 31 October: China's manufacturing PMI

These releases could drive dollar and base-metals volatility and influence whether Lead sustains a move above $1,910/t.

Weekly Perspective

Lead's near-term outlook remains sideways to mildly bullish, supported by persistent exchange-inventory drawdowns, rising cancelled warrants, a narrowing Cash–3M contango and continued maintenance at Chinese primary smelters. However, recovering secondary-lead production, moderate downstream procurement and fading seasonal demand could limit further gains.

LME three-month Lead is approaching resistance at $1,910–1,911/t after closing at $1,905.5/t on Friday. A sustained break above this zone could open the way toward $1,925/t. A sell-on-recovery approach near $1,910–1,925/t may be considered if prices fail to sustain a breakout. The key factor next week will be whether tightening supply can continue to offset the recovery in secondary production and subdued demand.

Expected Weekly Range (USD): $1,888–1,920
Directional View: Mildly bullish

Lead Chart

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Nickel

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Indonesian Supply-Cut Hopes Lift Prices, but Weak Demand Caps Gains

Market Performance: Nickel outperformed the broader base-metals complex on a weekly basis, with LME three-month nickel rising 3.22% WoW to $15,865/MT. SHFE nickel gained 3.24% WoW to ¥116,360/MT , while MCX November nickel advanced 4.29% WoW to ₹1,510.00/kg. The rally was primarily driven by expectations of potential Indonesian production cuts. However, uncertainty over the implementation of these cuts, coupled with weak stainless steel demand and elevated inventories, continued to limit the upside.

Inventory and Spread Analysis: Global exchange inventories continued to indicate ample metal availability despite some drawdowns. LME stocks increased by 684 MT WoW to 280,674 MT, while SHFE inventories declined by 1,160 MT to 105,488 MT. MCX inventory fell by 17.8 MT to 59.85 MT, indicating lower domestic exchange-held stocks, although the absolute quantity remains small relative to global inventories.

The spread structure reinforces this assessment. LME cash-to-three-month contango narrowed from approximately $196.72/MT to $182.85/MT, indicating a modest improvement in nearby tightness, although the market remains in contango. SHFE contango widened from around ¥170/MT to ¥280/MT, while MCX November–December contango rose slightly from ₹7.10/kg to ₹8.00/kg. Despite the widening in spreads, elevated LME inventories and substantial aggregate stocks suggest that near-term supply remains comfortable, with no clear evidence of a sustained tightening in physical availability.

Supply and Demand Fundamentals

- **Indonesian Supply Risks:** Expectations of production cuts in Indonesia supported the mid-week nickel rally, following reports of proposed reductions of 20% in NPI and 50% in MHP and high-grade nickel matte output. While these proposals remain unconfirmed, drought-related operating constraints at Nickel Industries add to the supply-side risks. Further upside will depend on whether these developments translate into measurable and sustained production losses.

- **Chinese Import Trends and Demand:** China's September nickel ore imports rose 9.23% MoM to 6.52 million tonnes, nickel iron imports increased 12.9% to 1.085 million tonnes, and refined nickel imports climbed 49.43% to 25,382 tonnes, according to China Customs data cited by Mysteel. However, refined nickel imports remained 10.52% lower YoY. With stainless steel oversupply, weak downstream orders and thin mill margins continuing to constrain consumption, rising imports point to greater availability rather than a confirmed recovery in demand.

- **HPAL Economics and EV Demand:** Improved sulphur availability has eased pressure on Indonesian HPAL operations compared with Q2, but elevated production costs and weak MHP prices continue to threaten margins and could prompt further output cuts. Meanwhile, the shift towards LFP batteries is likely to limit incremental nickel demand from EVs. The near-term outlook therefore hinges on whether confirmed supply disruptions can offset weak stainless steel demand and ample market availability to sustain the recent price recovery.

Nickel

Macro Drivers and Events to Watch

Brent crude rose to $116.72/bbl, while the US 10-year Treasury yield climbed to around 4.99%, heightening inflation concerns and reinforcing uncertainty over the Federal Reserve's policy outlook. Persistently high oil prices could keep inflation elevated, while rising Treasury yields may support the US dollar and weigh on nickel prices.

Next week, China's industrial profits and US consumer confidence on 27 October will provide signals on industrial momentum and consumer sentiment. The 28 October FOMC decision is the main macro catalyst, with the Fed's policy guidance likely to influence the dollar and nickel prices.

On 29 October, US Q3 GDP and September PCE inflation will help shape expectations for economic growth and interest rates. China's manufacturing PMI on 31 October will offer a further indication of industrial activity and potential metals demand.

Source: SMM, Bloomberg & Bluglance Consulting Research

Weekly Perspective

Nickel is likely to remain mildly bullish bias this week. Unconfirmed Indonesian production-cut proposals and drought-related supply disruptions could support prices, but elevated inventories, weak stainless steel demand and limited physical-market confirmation constrain further gains. The market will look for evidence that proposed cuts translate into actual supply reductions.

Meanwhile, the FOMC decision, US inflation data and China's manufacturing PMI could influence the dollar, risk sentiment and metals demand. Unless supply cuts materialise or downstream demand improves, rallies may face selling pressure.

Expected Weekly Range: $ 15,550–16,300
Bias: Mildly bullish

Nickel Chart

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Zinc

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Conflicting Inventory and Spread Signals Keep Prices in Consolidation

Price Performance: Zinc prices recovered over the past week, supported by a late-week improvement across major exchanges and continued strength in nearby spreads. However, the recovery remains constrained by rising LME inventories and a reduction in speculative bullish exposure.

While the LME forward curve indicates persistent demand for nearby metal, the increase in exchange stocks suggests that the broader supply-demand balance has yet to tighten sufficiently to support a sustained upward move.

LME zinc three-month forwards gained 1.75% over the week to close at $3,746/MT. MCX zinc October futures advanced nearly 1% to settle at ₹422/kg, while SHFE zinc edged up 0.3% to RMB 25,660/MT. The positive weekly performance reflects improved short-term sentiment, but the divergence between inventory accumulation and stronger nearby spreads suggests that the market remains without a clear directional catalyst.

LME Inventories and Spread Dynamics: LME zinc inventories increased to approximately 167,000 tonnes from around 158,000 tonnes in the previous week. The continued build-up points to greater metal availability within the exchange warehouse system and remains a potential headwind for prices. If stocks continue to rise, particularly in the absence of stronger industrial consumption, the market may struggle to sustain gains towards the upper end of its recent range.

In contrast, the LME cash-to-three-month backwardation widened significantly to approximately $73/MT from $37/MT a week earlier. This indicates that cash metal is commanding a larger premium over three-month delivery, reflecting tighter conditions in the nearby market relative to forward supply.

The opposing signals suggest that the increase in headline inventories has not fully alleviated prompt-market tightness. Differences in warehouse location, metal availability and immediate delivery requirements can cause inventories and spreads to move in opposite directions. Nevertheless, the widening backwardation should not be viewed as definitive evidence of a sustained supply deficit. If inventories continue to accumulate and the nearby premium subsequently narrows, the market could lose an important source of support.

For now, inventory growth is limiting the bullish implications of the stronger forward curve, leaving prices sensitive to changes in both indicators.

Source: SMM & Reuters

Zinc

MCX Spread Structure and Domestic Support: On MCX, the nearby spread structure remains firm. Backwardation between the October and November contracts stood at approximately ₹20/kg, while the November–December spread remained around ₹13/kg. These premiums indicate that nearby contracts continue to command substantially higher prices than subsequent delivery months.

The domestic spread structure provides an important source of support, even as international inventories increase. Elevated nearby premiums may reflect immediate procurement requirements, the timing of physical deliveries and local supply conditions. This relative firmness could help MCX zinc maintain its resilience during periods of consolidation in the international market.

However, a strong spread structure does not necessarily guarantee further gains in outright prices. If LME zinc weakens materially, domestic prices may also come under pressure despite elevated backwardation. Conversely, continued strength in MCX spreads alongside stable international prices could support relative outperformance in the domestic market.

The evolution of the October–November and November–December spreads will therefore be important. A sustained narrowing would suggest easing prompt-market tightness, while persistent backwardation would indicate that nearby demand and supply conditions continue to underpin domestic prices.

Fund and Commercial Positioning: Positioning data point to a moderation in bullish sentiment. Investment funds reduced their net long position from 40,071 to 36,347 contracts, indicating that speculative bullish exposure has eased despite the improvement in prices. Funds remain net long, but the reduction suggests that conviction behind the recent recovery has weakened.

Commercial undertakings increased their net short position from 28,722 to 31,017 contracts, indicating greater net short exposure. However, commercial positions can reflect hedging against physical production, sales and inventory exposure, and should not be interpreted solely as a directional bet on lower prices.

Taken together, the decline in fund net longs and the widening of commercial net shorts suggest that positioning has not strengthened alongside the price recovery. This could limit the scope for a sustained rally unless improving demand, lower inventories or further tightening in nearby spreads provides fresh support.

Source: SMM, Bloomberg & Bluglance Consulting Research

Zinc

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Macroeconomic and Demand Triggers: The US Federal Reserve's interest-rate decision on 28 October will be a key event for the US dollar and the broader base-metals complex. Changes in policy guidance and interest-rate expectations could influence currency movements, investor sentiment and commodity positioning.

US third-quarter GDP and Core PCE inflation data on 29 October will provide further insight into economic growth and underlying inflation. Stronger growth could improve expectations for industrial demand, although any associated dollar strength may offset some of the benefit for dollar-denominated metals. Weaker data could raise concerns over consumption while potentially easing pressure from the dollar.

China's Manufacturing PMI on 31 October will also be closely watched for signals on industrial activity. As a major zinc consumer, China's manufacturing performance has implications for galvanising demand, construction activity and industrial production. An improvement in the PMI would support the demand outlook, whereas a weaker reading could reinforce concerns over consumption and leave zinc more exposed to rising inventories.

In addition to these macroeconomic releases, movements in LME inventories, cash-to-three-month backwardation and MCX nearby spreads will remain important indicators of the market's underlying strength.

Market Perspective and Trading Strategy

LME zinc is expected to remain broadly sideways within $3,650–3,800/MT. Rising inventories and softer fund positioning may restrict gains, while wider backwardation continues to provide support.

On MCX, zinc retains a mildly bullish bias within range ₹413–429/kg. The firm domestic spread structure provides support, but the upside may remain limited if LME inventories continue to rise and international prices fail to extend their recovery. The ₹429/kg area represents the upper end of the expected trading range, while ₹413/kg marks the lower boundary.

We favour buying on dips rather than chasing upward momentum within the anticipated range. The strategy reflects the support from domestic backwardation while recognising the constraints posed by rising international inventories and less constructive positioning data.

Overall, zinc remains caught between growing exchange stocks and persistent tightness in nearby delivery. Until inventory trends or demand conditions provide a clearer signal, range-bound trading remains the base case. The upcoming US macroeconomic releases, China's Manufacturing PMI and changes in the forward curve will be key in determining whether zinc extends its recovery or remains in consolidation.

Expected Weekly Range: $3,650–3,800
Bias: Sideways

Zinc Chart

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