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Weekly Base Metals Insights

28th Sep to 02nd Oct, 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

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Aluminium

Down 0.68% WoW, Close Price $3,277/MT; consolidating despite a 118kt two-week drawdown in China social stocks, high smelter utilisation and a firm dollar capping upside.

Copper

Up 0.48% WoW, Close Price $14,632/MT; consolidating after failing to sustain above $14,850, profit-taking and a stronger dollar limiting upside while backwardation signals underlying physical tightness.

Lead

Up 0.47% WoW, Close Price $1,930/MT; held above $1,900, LME stocks fell 11,100t with cancelled warrants rising to 10%, Cash-3M contango narrowed to $20/t.

Zinc

Down 1.2% WoW, Close Price $3,893/MT; retreated from $4,000 again, Budel smelter strategic review adding European supply risk while concentrate TCs remain deeply negative.

Nickel

Up 0.92% WoW, Close Price $16,385/MT; water shortages at Indonesia's IMIP lifted prices mid-week, but LME inventory build to 284,946 MT capped the rally.

Key Events

China Manufacturing PMI (Wed, 30 Sep) and US Core PCE (Wed, 30 Sep) are the pivot points this week, with US NFP (Fri, 2 Oct) closing the week. China markets close for National Day from 1–7 Oct, India closed Friday for Gandhi Jayanti.

Economic Calendar

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28th Sep to 02nd Oct

Monday, 28th Sep

07:00 | China Industrial Profits YTD (Aug) — Actual: 15.7% | Prior: 17.6% 16:00 | India Industrial Production YoY (Aug) — Survey: 7.10% | Prior: 6.70%

Tuesday, 29th Sep

19:30 | US Conf. Board Consumer Confidence (Sep) — Survey: 89.2 | Prior: 89.4
19:30 | US JOLTS Job Openings (Aug) — Survey: 7,225k | Prior: 7,271k

Wednesday, 30th Sep (MOST CRITICAL DAY)

07:00 | China Manufacturing PMI (Sep) — Survey: 50.1 | Prior: 49.8
17:45 | US ADP Employment Change (Sep) — Survey: 72k | Prior: 38k
18:00 | US Core PCE Price Index YoY (Aug) — **BIGGEST EVENT OF THE WEEK** — Survey: 3.30% | Prior: 3.30%

Thursday, 1st Oct

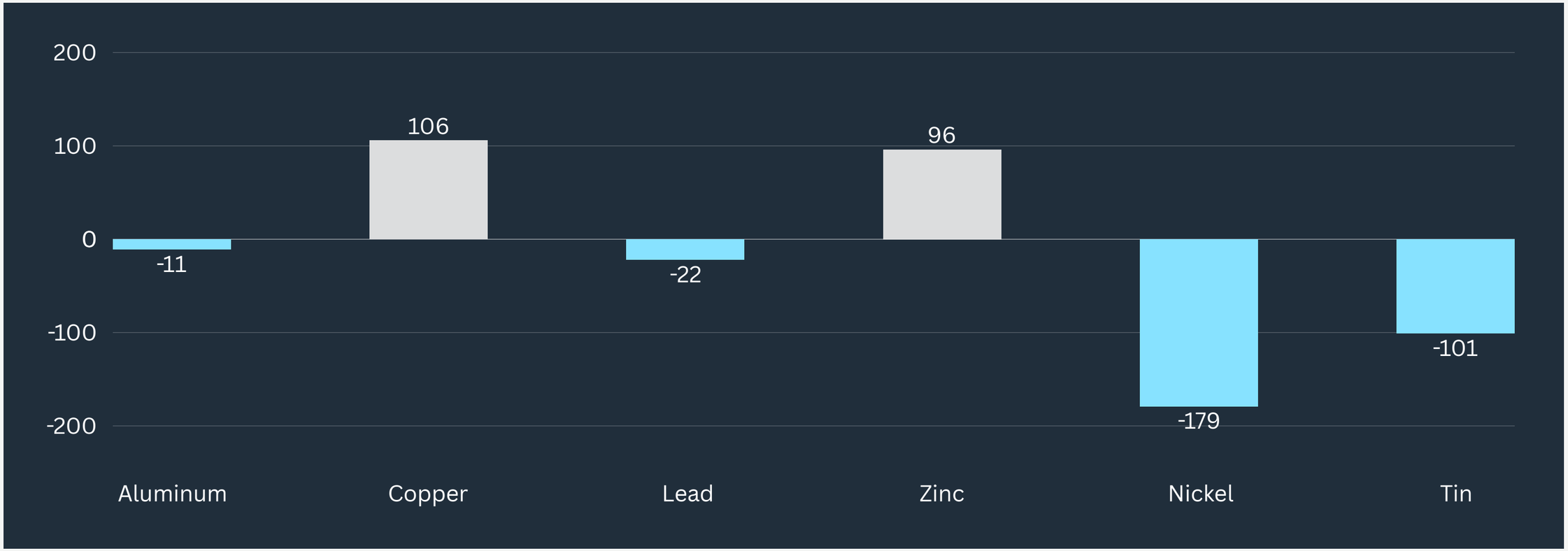
All Day | China National Day Holiday (Markets Closed 1–7 Oct)
10:30 | India S&P Global Manufacturing PMI (Sep) — Survey: 55.7 | Prior: 52.8
19:30 | US ISM Manufacturing PMI (Sep) — Survey: 55 | Prior: 54.6

Friday, 2nd Oct

All Day | China National Day Holiday
All Day | India — Mahatma Gandhi Jayanti (MCX Closed)
14:30 | EC CPI YoY (Sep P) — Survey: 3.70% | Prior: 3.20%
18:00 | US Non-Farm Payrolls (Sep) — Survey: 90k | Prior: 162k

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: The LME forward curve shifted further this week, with Copper's backwardation widening sharply and Zinc holding firm in backwardation. Aluminium flipped from marginal backwardation into contango, signalling easing prompt tightness. Lead's contango narrowed, a constructive shift. Nickel and Tin remain in the widest contango, reflecting continued comfortable nearby availability.

Performance Snapshot: All Metals

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Asset	Sep 25, 2026	Sep 18, 2026	WoW %	YTD %
Dollar Index (DXY)	101.03	100.28	0.75%	2.04
Copper	14,632	14,562	0.48%	16.66
Aluminium	3,277.50	3,300	-0.68%	10.11
Lead	1,930	1,921	0.47%	-4.21
Zinc	3,893.50	3,940	-1.18%	26.04
Nickel	16,385	16,235	0.92%	-3.07

LME Weekly Market Range (28th Sep to 02nd Oct)

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Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	101.03	100.50 – 101.50	Bullish
Copper	14,632	14,400 – 14,800	Mildly Bullish
Aluminium	3,277.50	3,220 – 3,350	Sideways
Lead	1,930	1,900 – 1,955 / 1,970	Bullish
Zinc	3,893.50	3,800 – 4,000	Mildly Bullish
Nickel	16,385	16,000 – 16,700	Sideways to Mildly Bullish

Aluminum

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Price Action: Consolidation

Aluminium remained in consolidation during the week, with supportive physical conditions offset by high Chinese production and a firm US dollar. LME aluminium closed at $3,277/t, down 0.68% WoW, while SHFE aluminium closed at RMB 24,225/t, down 0.51%. MCX aluminium closed at ₹348/kg, up 1.31% WoW.

Inventories: Physical Stocks Tighten Ahead of National Day

China's primary aluminium social inventory stood at 678kt on September 24, down 55kt WoW, following a 63kt decline in the previous week, taking the two-week drawdown to 118kt. Bonded aluminium inventory was 116.7kt, down only 0.6kt WoW. SHFE aluminium inventory was around 306kt,LME aluminium stocks remained around 241kt.

The combined China social + bonded + SHFE inventory was approximately 1.10Mt. The decline in readily available stocks is supportive, although part of the movement reflects seasonal pre-holiday procurement. The post-holiday inventory trend will be important in determining whether the recent drawdown is sustained.

Production: High Utilisation Limits Tightness

Chinese electrolytic aluminium weekly output was approximately 874.7kt, with operating capacity around 45.61Mt and utilisation at 98.53%. High smelter utilisation continues to provide substantial supply availability despite the decline in inventories.

The market is therefore not facing an outright production shortage. The key question is whether strong output can be absorbed once the seasonal pre-holiday stocking period ends.

Secondary Aluminium & Scrap: Mixed Conditions

Aluminium scrap imports were approximately 141.8kt in August, up 18.6% MoM but down 17.7% YoY, while January–August imports were around 1.243Mt, down 7.5% YoY. Cast aluminium-alloy inventory declined 2.7kt to 31.8kt.

Lower year-to-date scrap imports and tighter availability of compliant material are providing some cost support to secondary producers, although downstream demand remains uneven.

Trade & Raw Materials: Supply Remains Available

China's August primary aluminium imports were around 185kt, down approximately 15% YoY, with Russia accounting for the majority of supply, partly offsetting the decline in domestic inventories.

China's weekly bauxite arrivals were around 3.98Mt, down approximately 1.06Mt WoW, with Guinea contributing around 2.44Mt and Australia around 0.89Mt. The weekly decline is worth monitoring, but has not yet translated into a material production constraint.

Overseas Supply: Recovery Caps Tightness

Ex-China aluminium operating capacity continued to recover, with Aluminium Bahrain (Alba) returning to around 1.3Mt, adding to overseas availability and providing a counterweight to low LME stocks and tighter Chinese physical conditions.

Bloomberg reported on September 22 that Rusal was sounding out potential buyers for its Windalco alumina complex in Jamaica and bauxite operations in Guyana. Discussions were at an early stage and have no immediate production impact.

Aluminum

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National Day: Post-Holiday Stocks Are Key

China enters the National Day holiday after a significant pre-holiday inventory draw. The 118kt two-week decline in primary aluminium social stocks is notable, but historical holiday patterns indicate that inventories generally rebuild during the National Day period.

The size of the post-holiday build, rather than simply whether stocks increase, will be the important signal. A modest rebuild would indicate relatively firm underlying consumption, while a substantial build would suggest that recent destocking was largely seasonal.

Macro: Dollar Above 101

The US Dollar Index remained above 101 during the week, while movements in US Treasury yields continued to influence non-ferrous metals. The stronger dollar remains a headwind for dollar-denominated aluminium and partly offsets support from the physical market.

The key upcoming indicators are US Core PCE, ISM Manufacturing PMI and non-farm payrolls, alongside China's manufacturing PMI.

Source: SMM & Reuters

Aluminium Perspective - Sideways: $3,220–$3,350/t

Aluminium is likely to remain range-bound between $3,220–$3,350/t in the near term. The physical market is relatively supportive, with pre-holiday demand improving and Chinese stocks declining. However, high Chinese smelter utilisation, continued imports, recovering ex-China supply and a firm US dollar are limiting the upside.

$3,220/t remains the key support zone, while $3,350/t is the immediate resistance. A sustained break outside this range would be required for a clearer directional move. For now, the overall view remains sideways, with post-holiday inventories, downstream demand and overseas supply the key variables.

Expected Range: 3,225 – 3,350
Bias: Sideways

Aluminum Chart

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Copper

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Macro Data Takes Center Stage as China Steps Away

Copper has entered a consolidation phase after failing to sustain gains above the $14,850/MT level. The recent correction has been driven by profit-taking, a stronger U.S. dollar, rising expectations of further Fed tightening, and reduced Chinese participation due to the Mid-Autumn Festival and upcoming National Day holidays.

LME Copper is currently holding near the critical $14,400-$14,450/MT support zone, which remains the key level to watch this week.

China Holiday Impact

A common market perception is that copper and base metals could weaken when China is absent, particularly after a strong rally that was largely supported by expectations of robust Chinese demand. With Chinese markets closed from 1-7 October and physical buying activity slowing after pre-holiday stocking, demand-related sentiment is likely to remain subdued in the short term.

However, while demand has temporarily slowed, the market continues to trade in backwardation, indicating that underlying physical tightness has not disappeared.

Key Economic Events This Week

Markets will closely monitor:

* China Manufacturing PMI
* US Consumer Confidence & JOLTS
* US Core PCE Inflation
* US ISM Manufacturing PMI
* US Non-Farm Payrolls (NFP)
* Eurozone CPI

Among these, Core PCE remains the Fed's preferred inflation gauge, while ISM Manufacturing PMI will provide insights into the health of the U.S. industrial sector. China PMI will offer the final snapshot of manufacturing activity before the Golden Week holiday period.

Why NFP Matters?

The most important event of the week is Friday's US Non-Farm Payrolls (NFP) report. Historically, NFP generates the highest volatility across currencies, bonds, equities, and commodities because it directly influences Federal Reserve policy expectations.

A stronger labor market could strengthen the U.S. dollar and pressure metals, while weaker employment data could weaken the dollar and provide support to copper and other risk assets. With China largely absent from the market, the impact of NFP on global commodities could be amplified this week.

Copper

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Bluglance Perspective

The current weakness appears to be a healthy consolidation rather than a reversal of the broader uptrend. While holiday-related demand concerns and Fed tightening expectations may limit upside in the near term, physical market conditions remain supportive through backwardation, low inventories, and ongoing supply-side risks.

In the absence of Chinese participation, global markets will trade primarily on macroeconomic developments. Therefore, the direction of the U.S. dollar, driven by NFP and other key U.S. data releases, will likely determine short-term price action.

Technical numbers

- Immediate Support: $14,400-$14,450/MT
- Strong Support: $14,200-$14,250/MT
- Resistance: $14,750-$14,850/MT

We expect copper to remain range-bound unless a major macro surprise emerges from the U.S. economic data.

Strategy

Buy on dips near support levels while closely monitoring NFP, U.S. dollar movements, and post-holiday Chinese demand signals

Expected Trading Range: $14,400-$14,800/MT
Market Bias: Sideways to Positive

Copper Chart

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Lead

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Lead Holds Above $1,900/t as Inventory Draws and China Holiday Shape the Market

Lead ended the previous week on a relatively firm note, recovering from around $1,911/t and closing at $1,930/t on Friday, up around 0.47% WoW. The market remained within our projected $1,900–1,950/t range, with prices recovering from the lower end and maintaining a firm footing through the week. However, weaker SHFE and MCX performance points to more measured momentum across regional markets.

LME 3M Lead is trading around $1,915.5/t this morning, below Friday's close. Friday's session traded between $1,921.5/t and $1,935.5/t, keeping the market in a consolidation phase rather than establishing a decisive breakout. With China entering its National Day holiday later this week, Lead is likely to remain sensitive to inventory trends, physical availability and broader macro signals.

LME & SHFE Inventory Trend

LME Lead inventories fell by 11,100t WoW to 362,525t, extending the recent drawdown. At the same time, cancelled warrants increased to 10% from 7%, indicating that a larger share of remaining stocks is earmarked for withdrawal. SHFE Lead inventories also declined by 9,808t to 59,472t, reinforcing the recent drawdown across the two major exchanges.

Despite these supportive inventory signals, regional price performance remained weaker. SHFE Lead Oct Contract closed at 16,300 yuan/t on Friday, down around 0.34% WoW from 16,355 yuan/t, while MCX near-month Lead declined from ₹197.50/kg to ₹191/kg, down around 3.29% WoW. This divergence suggests that the inventory draw is providing an underlying floor, but has not yet translated into broad-based upside momentum.

Chinese Physical Market & National Day Holiday

China's National Day holiday from 1–7 October will leave SHFE with only three trading sessions this week, from 28–30 September, before the exchange resumes on 8 October.

Downstream consumers have largely completed their pre-holiday stocking over the past two weeks, so spot trading activity is expected to weaken as the holiday approaches, reducing fresh demand signals and keeping Lead in consolidation mode.

However, Chinese Lead ingot inventories continue to decline, providing a physical cushion even as spot activity softens.

With restocking largely completed and supply expected to recover, upside may remain contained in the immediate pre-holiday period, while the holiday closure is likely to reduce fresh Chinese price discovery and keep liquidity thinner.

Lead

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US–China Trade & Macro

US-China trade developments remain relevant for the broader base-metals complex. The two countries agreed to extend their existing trade truce by two months, moving the previous 10 November expiry to 10 January 2027, providing some near-term stability to the trade environment. However, key issues remain under discussion following the September 24 Trump-Xi summit.

The macro calendar is heavy this week, with China Manufacturing PMI, US Consumer Confidence, JOLTS, US Core PCE, ISM Manufacturing PMI and the September US employment report among the key events. JOLTS is scheduled for 29 September, while the September employment report is due on 2 October.

For base metals, Core PCE and ISM Manufacturing will be particularly important for inflation, rate expectations and US industrial activity, while the employment report could influence the dollar and broader rate expectations.

Source: Bloomberg & SMM

Market View

Lead enters the new week with a supportive underlying physical structure but limited immediate upside momentum. The sharp LME and SHFE inventory draws, higher cancelled-warrant ratio and narrowing Cash-3M contango provide a cushion to prices, while the China holiday and completion of pre-holiday stocking could limit fresh demand and keep trading subdued.

We continue to maintain $1,900–1,955/t as the core weekly range, with $1,970/t as an upside extension if Lead sustains above $1,950/t and physical support remains intact. The key signals to watch this week will be the pace of inventory drawdowns, Chinese Lead ingot stocks, the front-end curve and the response of Lead to the heavy US macro calendar.

Expected Weekly Range (USD): 1,900 – 1,955 / 1,970
Directional View: Bullish

Lead Chart

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Nickel

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Price Recovery Faces Supply-Driven Resistance

LME 3M nickel is currently trading around $16,290/t, down 0.24%, while SHFE October Futures is trading at RMB 123,860/t, down 1.03%. Chinese markets will close for the 1–7 October National Day holiday, leaving a shortened trading window that may encourage cautious positioning and lower liquidity.

Last week, LME 3M gained 0.92% to $16,385/t, reaching a high of $16,690/t as water shortages at Indonesia's IMIP led some NPI producers to reduce operating rates. However, prices failed to sustain the rally and corrected on Friday. This suggests that supply concerns have created a risk premium, but have not yet resulted in a structural tightening of the market. SHFE October Futures gained 1.41% WoW, while MCX October Futures declined 0.39%.

Inventory & Spread Signals Remain a Key Constraint

LME inventories rose 6,120 MT WoW to 284,946 MT, with 267,438 MT, or around 93.9%, remaining on warrant and available for delivery. The cancelled-warrant ratio increased from 5.21% to 6.14% WoW, indicating some increase in withdrawal interest, although cancelled stocks remain relatively small compared with total inventory. Meanwhile, the Cash–3M contango widened from $156/t to $192/t, reinforcing the view that nearby metal remains readily available and there is limited urgency for prompt supply. The combination of high available stocks and wider contango continues to cap the upside, despite the modest increase in withdrawal interest.

On SHFE, deliverable stocks declined marginally to 108,079 MT from 108,414 MT, while on-warrant stocks fell to 92,518 MT from 94,324 MT. The October–November contango narrowed from $250/t to $200/t, indicating a somewhat firmer nearby Chinese market. On MCX, stocks declined 4.5 MT WoW to 71.8 MT, while the October–November contango widened from ₹1.2/kg to ₹7/kg. Exchange signals remain mixed, but the large LME inventory cushion remains the strongest constraint on a sustained price recovery.

Supply Risks Provide a Price Floor

Indonesia's tighter RKAB availability continues to reshape the regional ore balance, with Philippine ore imports rising to 11.4 Mt in January–July from 6.82 Mt a year earlier. The higher inflow has helped Indonesian processors maintain feed availability despite domestic restrictions, partly cushioning the impact on NPI production so far.

However, this also increases Indonesia's dependence on imported ore, making the market more vulnerable to disruptions during the approaching Philippine wet season.

At the same time, water shortages at IMIP have already forced some NPI producers to reduce operating rates. The near-term impact is therefore less about an immediate supply shortage and more about how long these disruptions persist and whether alternative ore can continue to offset lost production.

A prolonged disruption could tighten NPI availability and provide stronger upside support to nickel prices.

Nickel

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HPM Revision Strengthens the Medium-Term

Indonesia's revised HPM formula, effective 15 September, lowered the nickel corrective factor for 1.2% Ni limonite from 26% to 14%, while the cobalt factor fell from 30% to 17%. With the revised formula now in effect, the lower benchmark is reducing the effective cost and associated tax/royalty burden on limonite, improving the economics of HPAL operations.

In the near term, the change should mainly support the economics of existing HPAL operations rather than materially increase nickel output. Over the medium term, however, lower feedstock costs could encourage higher utilisation of low-grade limonite and improve the viability of HPAL capacity, potentially adding to nickel supply and partly offsetting tighter ore availability.

Demand Remains a Constraint

Chinese domestic NPI inventory reached 60,900 tonnes of contained nickel on 24 September, up 7,100 tonnes WoW. The continued inventory build indicates comfortable raw-material availability and reduces urgency for spot procurement. Consequently, cautious stainless-steel buying is providing limited demand-side support even as supply risks increase.

Macro & Key Events

US–Iran tensions remain a source of geopolitical volatility, while US–China trade discussions could influence Chinese industrial demand. China's Manufacturing PMI on 30 September will be important for assessing industrial momentum before the holiday. US Core PCE, ISM Manufacturing PMI and Non-Farm Payrolls could influence rate and dollar expectations, affecting broader metals sentiment.

Nickel Perspective

The near-term outlook remains balanced. Supply disruptions provide a floor, but elevated LME inventories, comfortable NPI availability and cautious downstream buying are preventing a sustained breakout.

Unless production disruptions deepen or exchange inventories begin to draw meaningfully, nickel is likely to remain range-bound with a mild upside bias.

Expected Range: $16,000–16,700/t
Bias: Sideways to Mildly Bullish

Source: SMM & Reuters

Nickel Chart

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Zinc

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Price Action

LME Zinc 3M closed at $3,893/t on 25 September, down 1.2% WoW. Prices remained volatile during the week, moving toward the $4,000/t level before retreating toward $3,900/t.

On 24 September, zinc gained around 1.5% to $3,961.50/t, supported by the Budel supply-risk announcement, before correcting on the final session. The inability to sustain prices near $4,000/t reflects profit-taking and softer Chinese downstream demand, while tight upstream fundamentals continue to provide support.

Inventories & Backwardation

The inventory picture remains supportive. LME zinc stocks stood at 121,600t on 25 September, after a significant draw during the week. SHFE zinc inventories declined 4.0% WoW to 232,030t, while on-warrant stocks fell to 85,821t. Chinese visible inventories also continued to decline, while bonded stocks remained very low. The LME curve remained strongly backwardated, with cash around $3,996/t versus $3,893/t for 3M, implying approximately $103/t of backwardation.

Overall, falling exchange inventories and the strong cash premium indicate tight prompt physical availability.

Concentrate Supply & TC

The zinc concentrate market remains tight. Imported zinc-concentrate treatment charges fell to around -$130.40/dmt on 24 September, down $1.55/dmt WoW, while domestic Zn50 treatment charges remained around -RMB2,100/t of contained zinc.

Deeply negative TCs indicate intense competition among Chinese smelters for available concentrate and continued pressure on smelter economics. The tight concentrate market remains a constraint on any meaningful increase in refined-zinc production.

Budel: European Supply Risk

Nyrstar's 24 September strategic review of its Budel zinc smelter in the Netherlands was the major supply-side development. Budel has approximately 315,000t/year of capacity, with Nyrstar citing elevated energy costs, historically low treatment and refining charges, difficult market conditions and competition for feedstock.

Operations are continuing during the review, so there is no immediate 315kt supply loss. However, the announcement increases the risk premium around European refined-zinc supply.

Zinc

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China: Trade & Arbitrage

China remains an important counterweight to tight Western availability. The SHFE/LME ratio is around 6.8, keeping the refined-zinc export window open, although profitability has narrowed. Continued Chinese exports could provide additional metal to international markets and limit the upside near $4,000/t. Conversely, a closing export arbitrage would make the low LME inventory position more significant.

Downstream Demand

Chinese downstream demand remains the principal constraint. Galvanising operating rates were around 53.39%, down 1.1 percentage points WoW. Producers purchased limited fresh zinc and mainly took delivery of previously priced material. High zinc prices and weaker orders have also resulted in production controls among some smaller and medium-sized producers.

Steel Demand

Chinese steel demand remained soft during the week, limiting the recovery in galvanised-steel consumption and providing a modest headwind for zinc. The steel market is a demand-side constraint, but it is not the dominant driver of the zinc market.

Source: SMM & Reuters

Zinc Perspective - Mildly Bullish

Zinc enters the week with a mildly bullish but range-bound structure. The key supports are deeply negative concentrate TCs, declining LME and SHFE inventories, strong $103/t backwardation and the Budel supply risk. These are balanced by weak Chinese downstream demand, 53.39% galvanising utilisation and continued Chinese export potential.

China's National Day holiday from 1–7 October will reduce physical activity toward the end of the week, making post-holiday inventory and operating-rate data particularly important.

Expected Range: $3,800–4,000/t
Bias: Mildly Bullish

Zinc Chart

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