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Weekly Commodity Research Report

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Copper

Copper futures are trading higher, nearing a four-month peak, as China's comprehensive stimulus package boosts the demand outlook. On the first day of China's week-long holiday, railway trips rose 6.7% yoy, reflecting strong consumer activity. Over the weekend, China eased homebuyer regulations and reduced mortgage rates, aiming to revive the struggling property market, which could lead to increased demand for construction materials like copper. Last week, the People's Bank of China cut the reserve requirement ratio by 50 basis points, releasing 1 trillion yuan in liquidity, and lowered key medium- and short-term rates to stimulate borrowing. Additionally, the potential for further US interest rate cuts, which could spur global economic growth, further supported market sentiment.

LME Cash Price		
Commodity	Bid	Ask
Copper	9791.5	9793.5
Aluminium	2637.5	2638
Zinc	3133.25	3134.25
Nickel	18027	18032
Lead	2084.25	2085.25

Aluminium

Aluminium futures are trading higher. The London Metal Exchange (LME) is closely monitoring tight conditions in the aluminium market, as a key spread surged to a significant premium and one party built a large long position in the October contract. On Wednesday, the premium of LME October aluminium over November rose to \$18 per metric ton, up from \$5.85 three weeks ago and reversing from a \$17.50 discount in July. This premium, known as backwardation, typically indicates a short-term supply shortage. Following the LME's announcement of its market oversight, the benchmark aluminium contract climbed 1.2%, reaching a nearly four-month high of \$2,680 per ton. Market suggest that prices could rise further ahead of the October contract expiry, especially if those holding short positions rush to cover their bets.

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9941	9943	-149.5
Aluminium	2648.5	2649	-11
Zinc	3163	3164	-29.75
Nickel	18285	18290	-258
Lead	2137.5	2138.5	-53.25

Nickel

Nickel futures surged to \$18,010 per tonne, hitting a more than 3-month high as base metals rallied on the back of China's most aggressive stimulus since the pandemic, boosting the demand outlook. China's central bank announced plans to lower borrowing costs, inject more funds into the economy, and ease mortgage repayment burdens, including reducing medium-term loan costs for banks. Meanwhile, the U.S. Department of Labor raised concerns about forced labor in Indonesia's nickel industry, marking the first time Indonesian nickel has been added to its exploitation list. In response, Indonesia committed to tightening supervision of its commodities sector.

Zinc

Zinc futures are trading at a 8-month high of around \$3,165 per tonne, buoyed by renewed optimism following China's extensive stimulus measures aimed at revitalizing its slowing economy. The People's Bank of China unveiled its largest stimulus package since the pandemic, including plans to lower borrowing costs, inject additional liquidity into the financial system, and ease the mortgage repayment burden for households. These moves have boosted confidence in stronger demand for metals from China, the world's top consumer. On the supply side, Swedish miner Boliden delayed its Odda zinc smelter expansion in Norway, now expected to be completed in 2025, which may tighten future supplies.

Lead

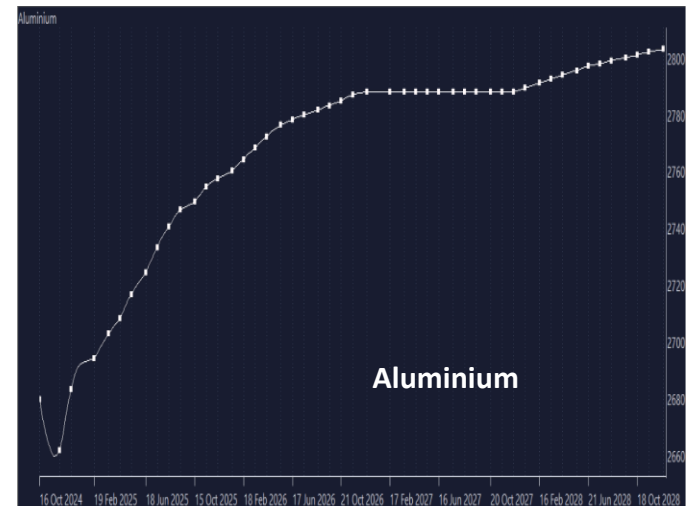
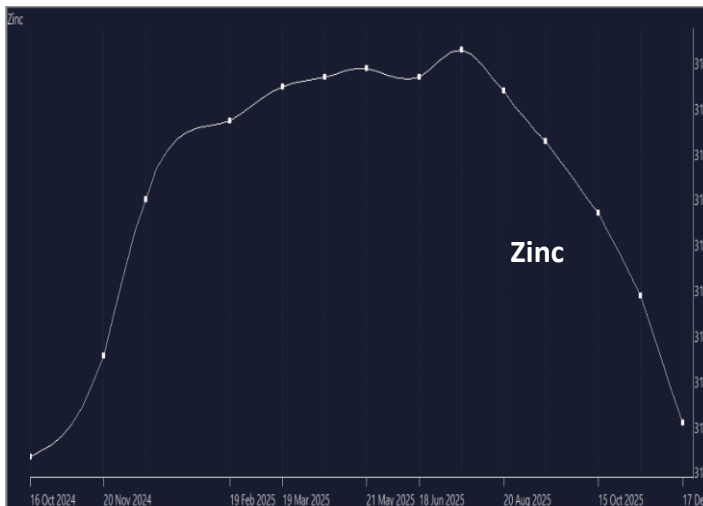
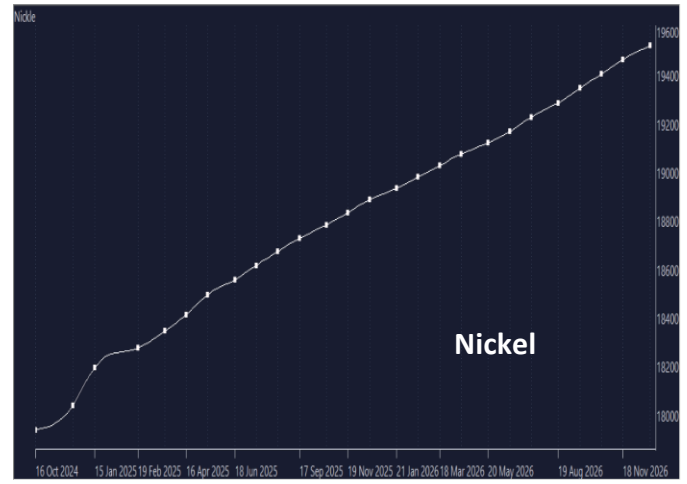
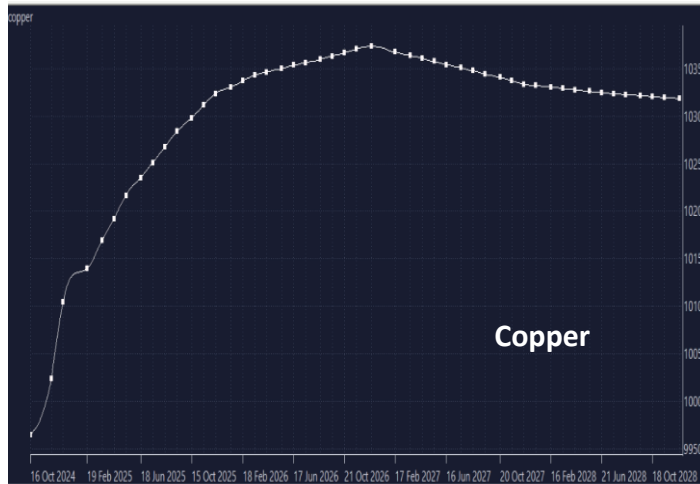
LME lead prices are up, driven by China's economic stimulus, including RRR and interest rate cuts by the PBoC. While the SHFE had limited trading this week due to the National Day holiday, downstream restocking has ended, with spot transactions likely limited to rigid demand. Lead smelters will maintain production, but inventory accumulation risk remains high post-holiday. The market is closely watching consumption and policy effects, with prices expected to revert to fundamentals after the positive macro sentiment fades.

MCX Spot Price		
Commodity	Bid	Ask
Copper	854.8	855.05
Aluminium	240.35	240.5
Zinc	282	294.5
Nickel	0	0
Lead	184.9	185.1

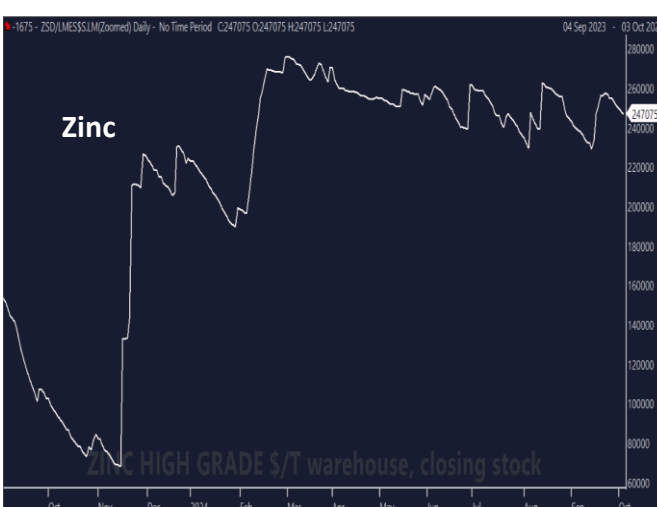
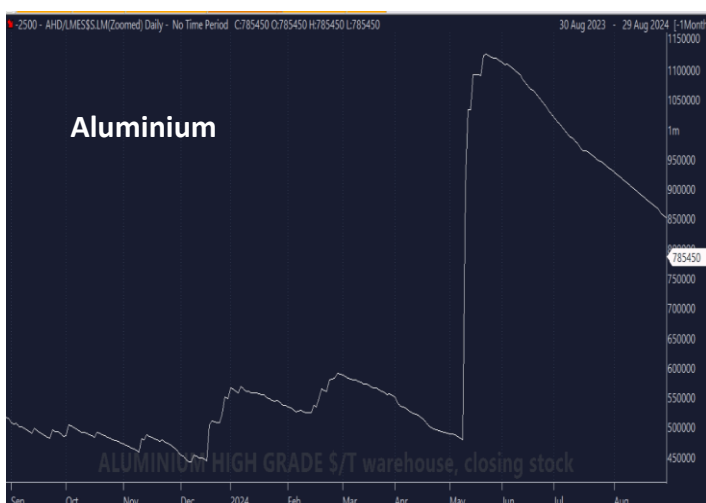
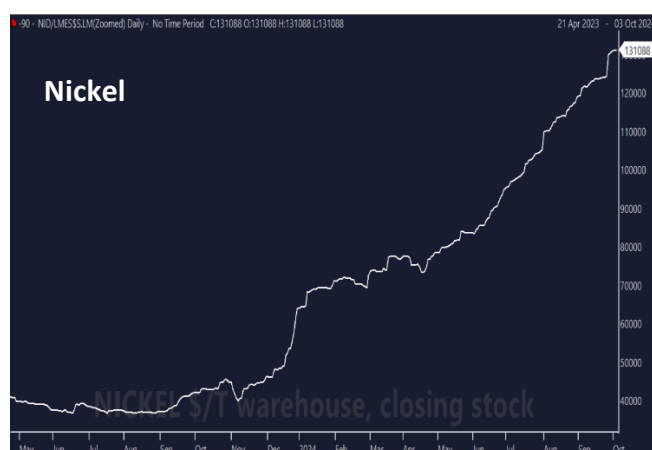
MCX 1M Futures Price		
Commodity	Bid	Ask
Copper	865.5	865.85
Aluminium	242.1	242.35
Zinc	285.2	285.25
Nickel	0	0
Lead	185.7	186

LME Warehouse Stock (Tonnes)		
Commodity	Closing Stock	Net Change
Copper	298100.00	-2175
Aluminium	785450	-2500
Zinc	247075	-1675
Nickel	131088	-90
Lead	199125	0

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



3M LME Copper \$9966: Copper prices tested the 61.8% fib resistance at \$10100 and duly backed off after metal witnessed profit taking. The rally in prices has reconfirmed the larger uptrend in the metal which has been in place since for last 4 years. However, in short term, some more correction is likely to resolve the overbought conditions. Immediate support is at \$9820 followed by major support at \$9600. Traders can go short on metal with tight stops above \$10100. End users are advised to wait for further correction in prices for major purchases.

2. Nickel



3M LME Nickel \$18295: Nickel prices are undergoing heavy short covering amidst improvement in base metal market sentiment. The metal is trading at fresh weekly high of \$18300 since June 24. The rise in prices after making a solid bottom in \$16500-\$17500 range is positive for the metal. We maintain our buy recommendation for the metal for a target of \$19300 at least.

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