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Weekly Commodity Research Report

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Copper

Copper futures stabilized after sliding for three straight sessions, as market reassessed the impact that Chinese stimulus will have on base metal demand in the near term. In the latest efforts to support capital markets, China's central bank opened a swap facility initially worth 500 billion yuan for financial institutions including securities firms, fund companies and insurers for stock purchases. Beijing previously announced a comprehensive monetary stimulus package after a batch of alarming data threatened Beijing's 5% GDP growth target, but the lack of additional measures announced in an extraordinary briefing by the economic planning agency drove markets to grow skeptical that such support would trigger additional demand for industrial inputs such as copper. Commodity markets also came under pressure as markets scaled back bets on aggressive Federal Reserve rate cuts in light of a strong US jobs report.

Aluminium

Aluminum futures were at \$2,630 per tonne, easing from the four-month high of \$2,685 touched on October 2nd, and tracking a pullback that trimmed the recent surge for base metals as markets assessed the impact that a series of economic support measures from the Chinese government will have in industrial demand. Beijing announced that it would deliver an aggressive package of fiscal stimulus after an unusual, economic-focused Politburo meeting to aid the Chinese economy in achieving its 5% growth target this year. This was after the PBoC unveiled a batch of monetary stimulus, including cuts in key rates, CNY 1 trillion of liquidity into the economy, and refinancing over CNY 37 trillion of mortgages to more favorable rates. In the meantime, risks around alumina supply in China also continued to place upward pressure on prices, extending troubles from early in the year as poor bauxite security following output issues in Guinea and Australia.

LME Cash Price		
Commodity	Bid	Ask
Copper	9511	9513
Aluminium	2537.75	2536.75
Zinc	3005.25	3006.75
Nickel	17089	17094
Lead	2005.5	2005

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9651	9653	-140
Aluminium	2552	2553	-15.25
Zinc	3032	3033.5	-26.75
Nickel	17355	17360	-266
Lead	2056	2056.5	-51

Nickel

Nickel futures climbed as base metals rallied following China's strongest stimulus measures since the pandemic. The Chinese central bank unveiled plans to cut borrowing costs, increase liquidity, and ease mortgage repayments, including lowering medium-term loan rates for banks, which boosted demand prospects. Meanwhile, the U.S. Department of Labor flagged forced labor issues in Indonesia's nickel sector, adding it to their exploitation list for the first time. In response, Indonesia pledged to enhance oversight of its commodities industry.

MCX Spot Price		
Commodity	Bid	Ask
Copper	823.3	823.5
Aluminium	233.55	233.65
Zinc	278.45	278.5
Nickel	0	0
Lead	180.4	180.5

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.

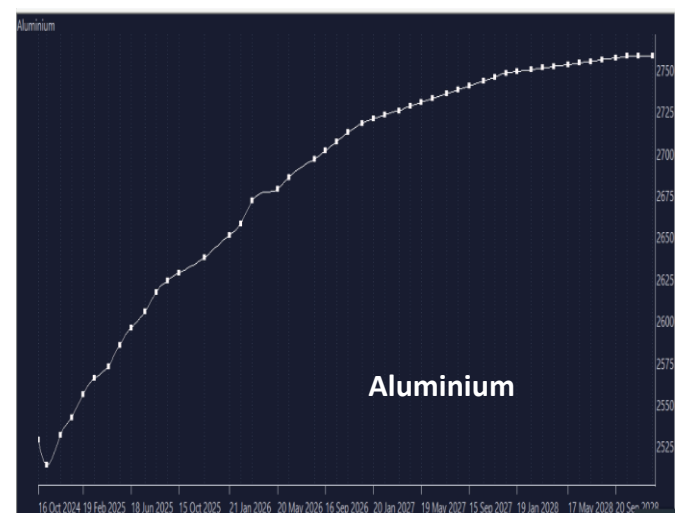
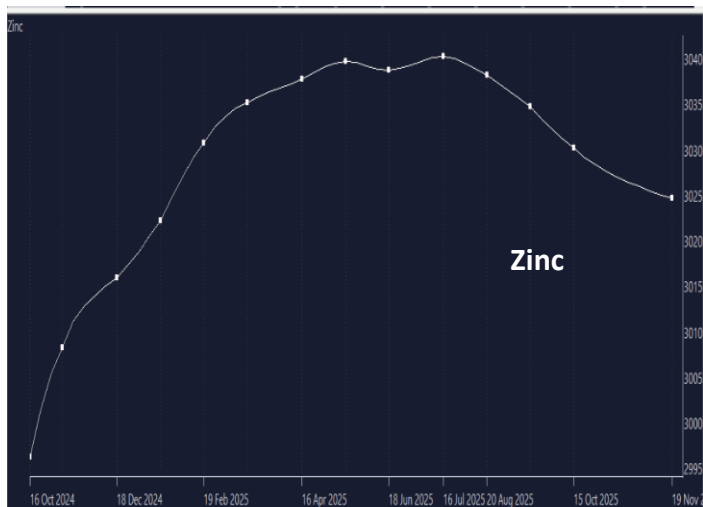
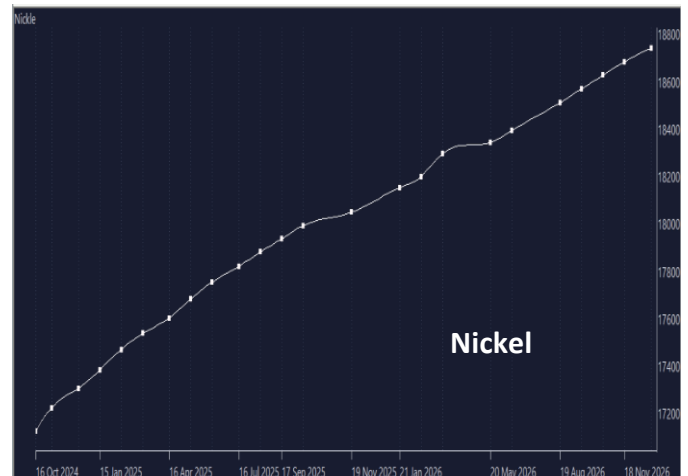
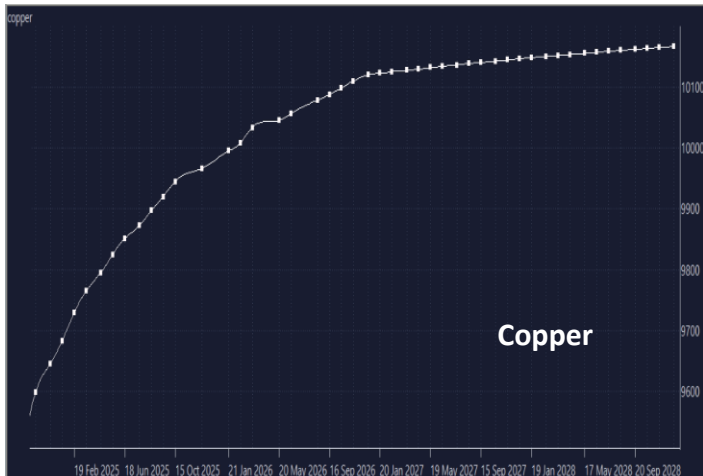
MCX 1M Futures Price		
Commodity	Bid	Ask
Copper	841.9	842.15
Aluminium	236.25	236.5
Zinc	277.7	277.85
Nickel	0	0
Lead	182.25	182.45

Lead

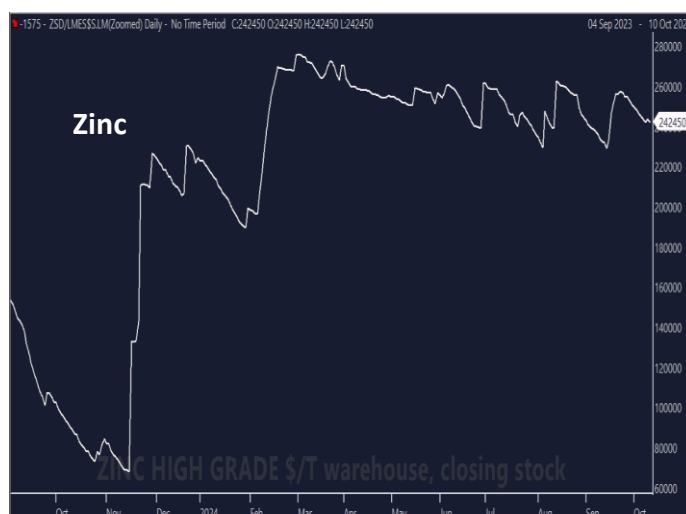
LME lead fell due to concerns over geopolitical tensions which boosted market risk aversion sentiment, causing the US dollar index to fluctuate upward, with strong market risk aversion sentiment. Markets are closely watching the Middle East conflict and China's stimulus measures for their impact on metal consumption. Furthermore, after the lead price correction, downstream companies grew cautious, reducing transactions of refined lead. As supply recovers in October, smelters' inventory reduction slowed, and lead ingots were transferred to delivery warehouses. Downstream buyers remained hesitant amid price drops, with low enthusiasm for purchasing, suggesting lead prices may continue to decline.

LME Warehouse Stock (Tonnes)		
Commodity	Closing Stock	Net Change
Copper	299350.00	4525
Aluminium	772775	-2500
Zinc	242450	-1575
Nickel	132312	-60
Lead	196650	-175

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



LME 3M Copper \$9690: Copper prices are undergoing profit taking after testing the recent peak of \$10200. Post China Stimulus profit taking in Chinese markets and fading expectations of aggressive US rate cuts are resulting in market participants to scale down their price expectations. However, the larger trend remains positive for base metals. Interim support is at \$9600 followed by \$9450, while resistance is placed at \$9850. End users can wait for the time buying to buy a fresh. Traders can maintain their short positions if any!!



2. Nickel

LME 3M Nickel \$17382: Nickel prices took a breather after rallying for last three consecutive weeks. The metal has nearly bottomed out at \$16K mark and looks poised to gradually rise in line with other base metals. End users must take advantage of any fall in prices to go for maximum procurement. Consecutive weekly closing above \$18K mark shall be hugely positive for the metal.



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