

October 22, 2024



## Weekly Commodity Research Report

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## Copper

Copper futures are trading higher amid on hopes that demand in top consumer China will rebound following a series of stimulus measures from Beijing. Moreover, the People's Bank of China lowered its one- and five-year loan prime rates by 25 basis points as part of a broader stimulus package to revive economic growth. The PBOC also moved to support China's equity market and announced that it could lower banks' reserve requirements again before the year ends. Elsewhere, expectations of strong copper demand driven by the shift toward cleaner energy raised concerns about a shortfall as miners struggled to increase supply. Meanwhile, copper and other commodities came under pressure in the start of the week as the dollar rallied on an improving economic outlook in the US and increasing likelihood of another Trump presidency.

LME Cash Price		
Commodity	Bid	Ask
Copper	9464.25	9466.75
Aluminium	2594.75	2595.25
Zinc	3122.25	3124.25
Nickel	16334	16344
Lead	2035.5	2036.5

## Aluminium

Aluminum futures rose to \$2,620 per tonne, approaching the four-month high of \$2,685 touched on October 2nd as expectations of robust demand offset the outlook of ample supply in China. The wide range of industrial uses for aluminum prevented the magnitude of sharp declines for the metal due to concerns of slowing factory output in top aluminum consumer China, recently supported by its key role in electric vehicles, solar panels, and other electrification industries. Consequently, stocks of aluminum in Chinese ports fell by 20% from their peak in March to 656,000 imperial tons. In the meantime, prices were also supported by risks to the supply of bauxite, raising input costs for smelters and furnaces. Emirates Global Aluminum, a key supplier of bauxite for Chinese furnaces, was forced to suspend exports from major producer Guinea after the country's customs authorities blocked shipments.

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9607	9609.5	-142.75
Aluminium	2632	2632.5	-37.25
Zinc	3109.5	3111.5	12.75
Nickel	16610	16620	-276
Lead	2078	2079	-42.5

## Nickel

Nickel futures fell to \$17,000 per tonne, the lowest in three weeks, due to the discovery of nickel at the Wedei prospect in Papua New Guinea (PNG). The field program results from the PNG project indicated significant nickel presence, leading to expectations of increased supply. China's Ministry of Finance unveiled a fiscal stimulus plan over the weekend aimed at supporting the property sector. However, it failed to boost market confidence due to a lack of clarity on the size of the rescue package. Additionally, weaker-than-expected September trade figures for China raised concerns over demand conditions.

## Zinc

Zinc futures rose to \$3,108 per tonne, nearing a 2-week high, driven by better-than-expected economic data from China, the largest consumer. China's economy grew 4.6% year-on-year in Q3, surpassing forecasts, with strong industrial production and retail sales boosting sentiment. However, concerns linger over China's weakening property sector. Globally, the zinc market faces a supply deficit in 2024, with smelters cutting production due to a raw material shortage. The International Lead and Zinc Study Group (ILZSG) revised its forecast from a 56,000-ton surplus to a 164,000-ton deficit, as global demand is set to rise by 1.8%, while production is expected to shrink. Despite supply constraints, a surplus is projected for 2025.

## Lead

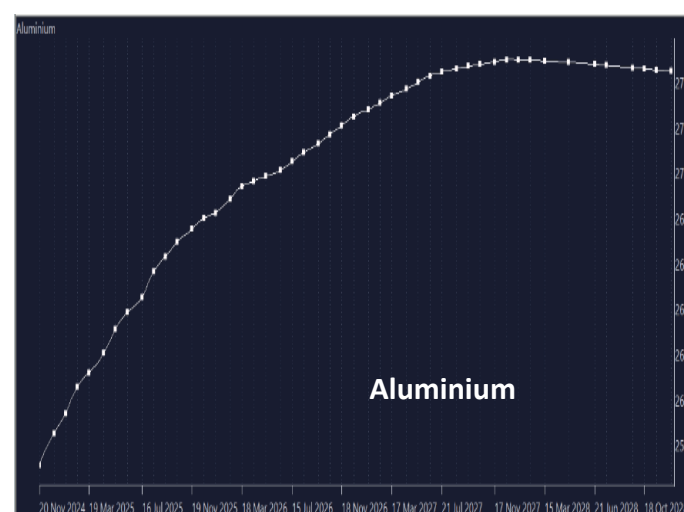
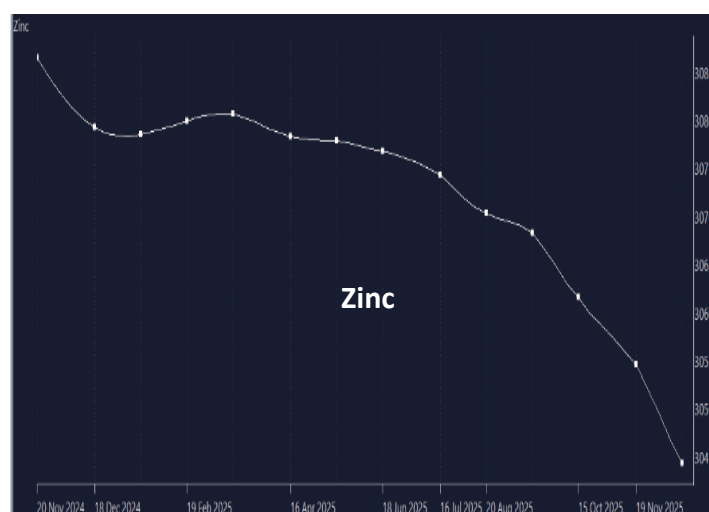
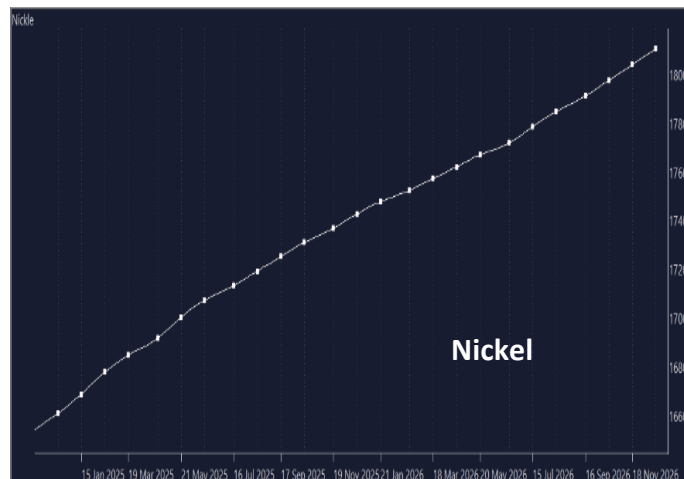
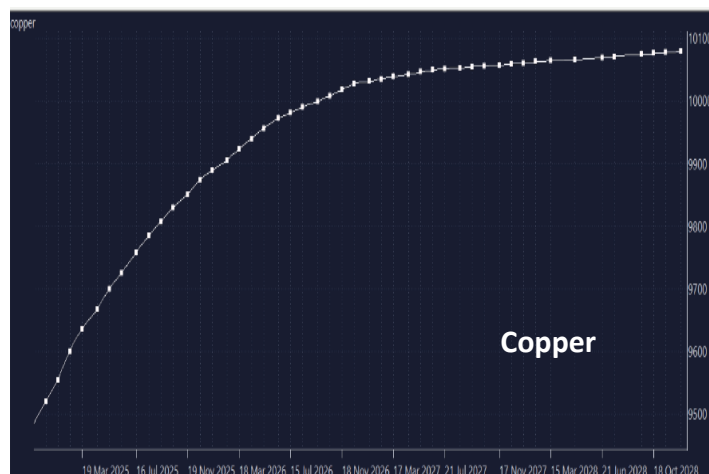
Lead prices are consolidating between \$2,065-2,085/mt, with a stronger dollar capping gain. SHFE lead inventories have declined, sparking a tug-of-war between long and short positions, causing prices to initially rise but then pull back to 16,610 yuan/mt. Furthermore, China cut its benchmark rate by 25 basis points, the largest reduction ever, to support its economy. In the U.S., Fed officials favor gradual rate cuts, cooling expectations for significant reductions, which has pushed U.S. Treasury yields higher.

MCX Spot Price		
Commodity	Bid	Ask
Copper	819.35	819.6
Aluminium	239.35	239.5
Zinc	286.55	286.65
Nickel	0	0
Lead	182.1	182.3

MCX 1M Futures Price		
Commodity	Bid	Ask
Copper	845	845.3
Aluminium	242.05	242.1
Zinc	286.95	287
Nickel	0	0
Lead	183.9	184.15

LME Warehouse Stock (Tonnes)		
Commodity	Closing Stock	Net Change
Copper	280100.00	-2100
Aluminium	755350	-2500
Zinc	234625	-2550
Nickel	135150	558
Lead	193150	-225

## Forward Curves



## LME Warehouse Stock (In Tonnes)





## Technical Analysis

### 1. Copper



**LME 3M Copper \$9633:** Copper prices are undergoing correction in an overbought market, which could be setting up the base for next leg of rally. Immediate support is at \$9200 while major trendline support remains unchanged in \$8800-\$9000 range. Resistance is placed near \$9800 mark. We expect the prices to consolidate within \$9200-\$9800 range for some time. Overall trend remains positive and strategy would be to take long positions at key support levels. Fresh buying may be initiated within \$9200-\$9400 range.



### 2. Nickel

**LME 3M Nickel \$16631:** Nickel prices have come under profit taking after hitting \$18000 mark in previous 2 weeks. However, the metal has rock solid support at \$16K which makes it a good buy from risk return perspective. End users must procure their next 1-month requirement at least at current prices.



### 3. Zinc

**LME 3M Zinc \$3118:** Zinc continues to outperform other base metals and continues to trade strongly above the trend line. Major support is at \$2880 mark, below which it may enter into short term correction mode. We suggest buying the metal in \$2900-\$3000 range to meet next 1-2-month requirement of the metal. Long positions can be maintained

### 2. Aluminium

**LME 3M Aluminium \$2631:** Aluminium prices are trading around the upper range of \$2650-\$2750 which is positive for the metal. The metal is looking for a upside break after consolidating in \$2100-\$2800 for almost 2 years now. Though positive, we would still wait for the break out to happen before taking any long position. From risk return perspective, traders can take profit on their long positions if any at current levels.



### 3. Lead

**LME 3M Lead \$2074:** Lead prices are exhibiting pattern similar to Zinc and trading strong above \$2000 support. The metal has good buying support in \$2000-\$2040 range for the time being while upside is capped at \$2110 amidst weak macros. We suggest buying the metal to meet core amounts in \$2000-\$2040 range.



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