

December 5, 2024



Weekly Commodity Research Report

By: Forexserve

Delhi | Mumbai | Kochi
Email: info@forexserve.com
Contact: +911147069490

Copper

Copper futures are trading higher, hovering close to three-week highs after a brief rally earlier in the week. The price surge was driven by speculation that Beijing may announce additional stimulus measures during key political meetings this month. China's Politburo skipped a readout of its regular November meeting, fueling further speculation that stimulus could be forthcoming as the world's second-largest economy faces mounting uncertainties, including the return of US President-elect Donald Trump. In the past week, Trump has issued two tariff threats, including a warning to impose a 100% tariff on BRICS nations if they create a currency to rival the US dollar. Meanwhile, recent data showed that Chinese manufacturing activity expanded for the second consecutive month in November, strengthening the demand outlook for copper.

LME Cash Price		
Commodity	Bid	Ask
Copper	8950	8951
Aluminium	2582.5	2583
Zinc	3075	3077
Nickel	15755	15760
Lead	2053	2054

Aluminium

Aluminium prices rose, supported by stronger demand from China, the world's largest consumer and producer. Chinese exports of unwrought aluminium and related products jumped 17% year-on-year in the first ten months of 2024, with October exports surging 31% to 577,000 tons, reflecting robust global demand. Additionally, China's aluminium production grew 1.6% year-on-year in October to 3.72 million tons, with a 4.3% rise to 36.39 million tons for the year-to-date, driven by high smelter operating rates in key regions like Shandong and Xinjiang. Aluminium inventories increased slightly, while warehouse outflows rose, indicating steady market activity.

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9102	9103.5	-152
Aluminium	2638.5	2639	-56
Zinc	3107.5	3109	-32
Nickel	15960	15970	-205
Lead	2094.5	2095.5	-41.5

MCX Spot Price

Commodity	Bid	Ask
Copper	823.65	823.8
Aluminium	246.25	246.35
Zinc	289.2	289.4
Nickel	0	0
Lead	182.3	182.4

MCX 1M Futures Price

Commodity	Bid	Ask
Copper	824.2	824.6
Aluminium	245.6	246
Zinc	288.8	289
Nickel	0	0
Lead	183.3	183.6

LME Warehouse Stock (Tonnes)

Commodity	Closing Stock	Net Change
Copper	270525.00	2025
Aluminium	687125	-2600
Zinc	277800	-300
Nickel	165384	732
Lead	271375	-150

Data Source: Reuters, LME, KITCO

Nickel

Nickel futures rebounded to approximately \$16,200 per tonne, recovering from a four-year low, driven by potential changes in mining policies in Indonesia, the world's largest nickel producer. Reports suggest that approved mining quotas may shrink by up to 27% by 2026. Additionally, Indonesia plans to reduce license fees for low-grade nickel ore (less than 1.5% nickel content) used in battery production, which could limit the supply of nickel for industries like stainless steel manufacturing. Additionally, Indonesia's nickel ore imports surged dramatically, increasing 50-fold year-on-year to over 9.3 million tons between January and October 2024, as the country seeks to safeguard its domestic reserves. The mining minister has repeatedly highlighted concerns over declining nickel stocks, stressing the need to prioritize domestic industries and ensure price stability.

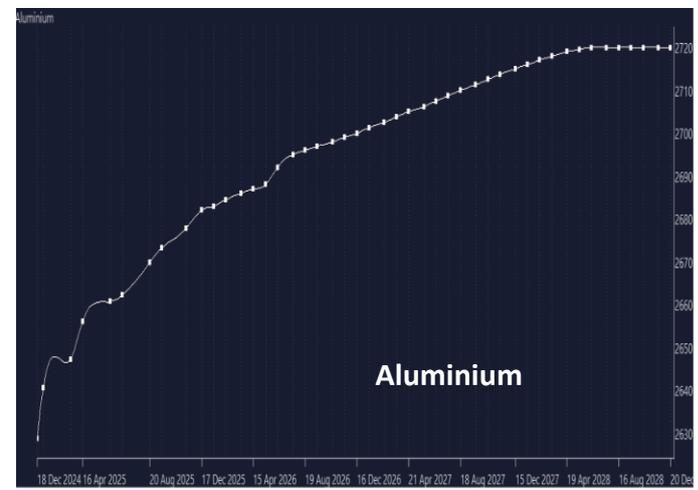
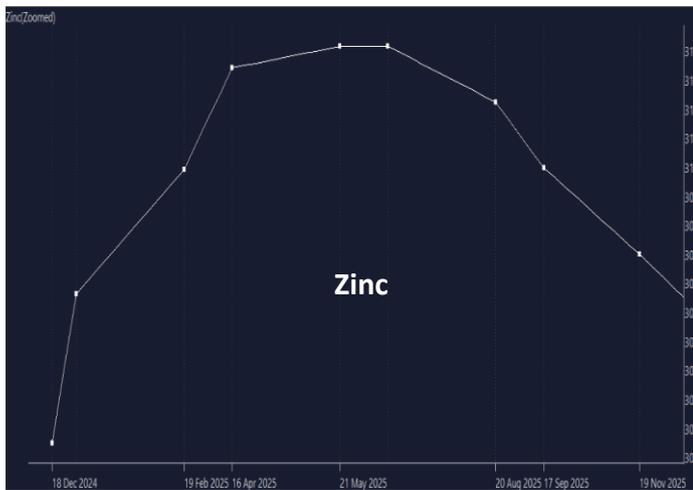
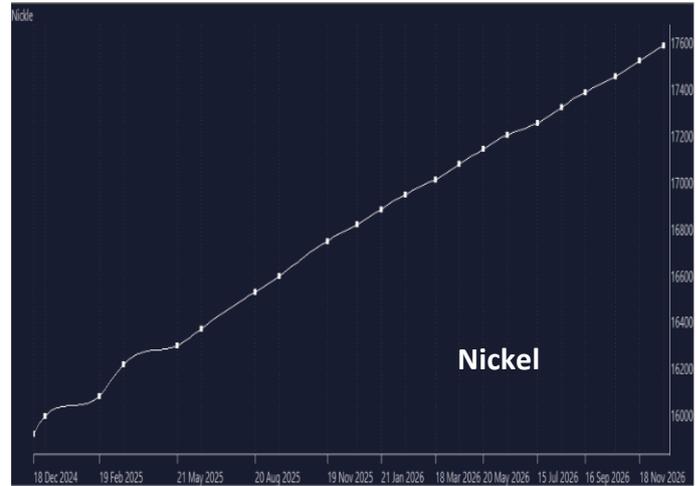
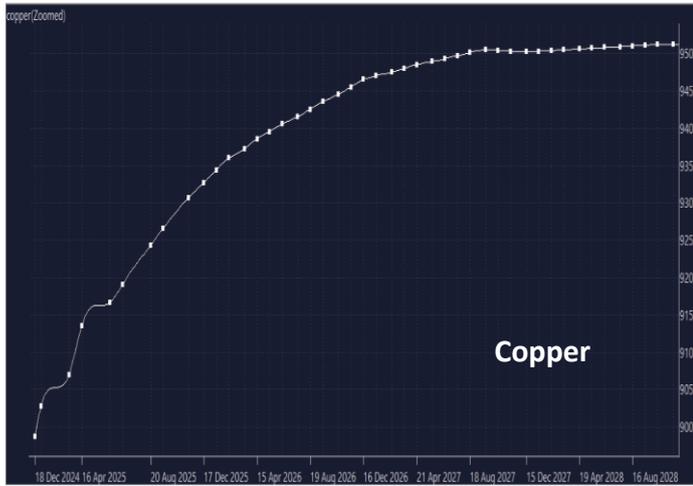
Zinc

Zinc prices declined as Chinese demand remained weak amid a property sector downturn. However, Shanghai Futures Exchange inventories fell 10.6% week-on-week, signaling some demand recovery. On the supply side, easing ore tightness and higher Q4 smelter output provided modest support, though production remains historically low at ~500,000 metric tons. Trafigura's withdrawal of over 97,000 metric tons from LME warehouses tightened supply earlier, sparking a price rally before easing. Globally, the zinc market saw a deficit of 79,500 metric tons in September, down from 85,000 in August, with a year-to-date deficit of 8,000 tons versus a surplus last year. China's refined zinc output rose over 2% month-on-month in September but fell 8% year-on-year, with slight October gains expected post-maintenance.

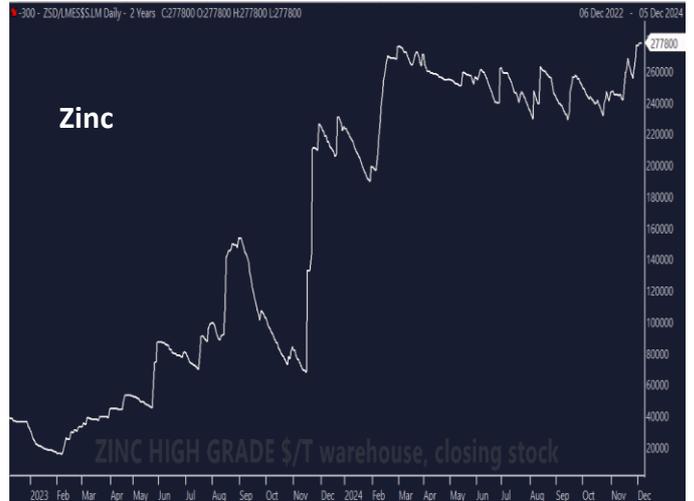
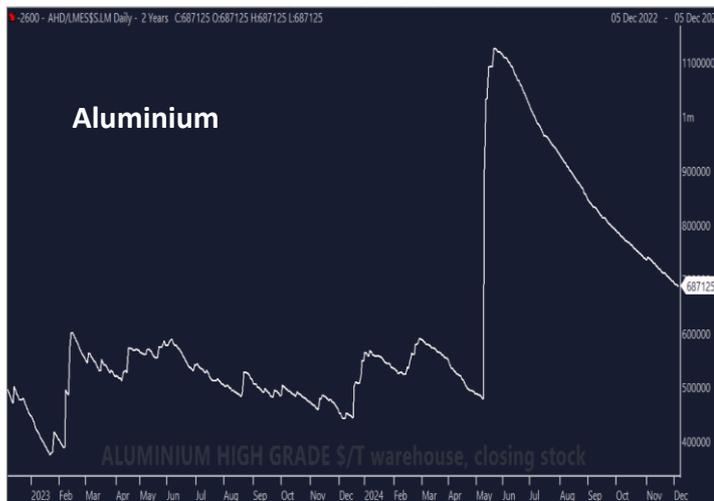
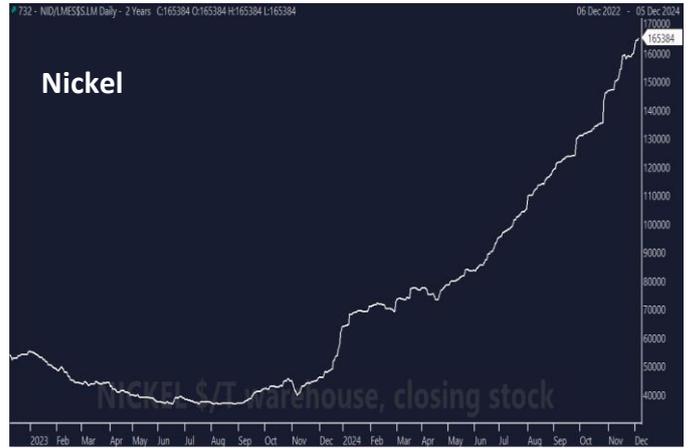
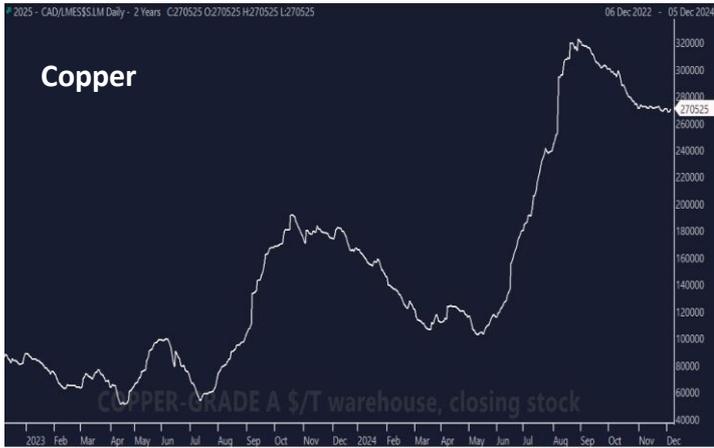
Lead

LME lead fluctuated upward, trading around \$2,075-\$2,080/mt, supported by weak USD performance and rising overseas consumption expectations amid US-Europe tariff threats on China. China's November manufacturing PMI expanded to 50.3, while US macro data showed mixed trends, with weaker ISM services and ADP employment figures. Fundamentals indicate improved secondary lead profits but limited year-end supply due to delayed production restarts.

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



LME 3M Copper \$9124: Copper prices have been holding tight to the trend line as we have been saying for last couple of weeks. The metal gripped the low around \$8800-\$8900 only to bounce back towards \$9160 mark. The metal prices are likely to tread along the trend line, inching up gradually. End users and traders are advised to stack their purchases around \$9000 mark as and when available. The outlook for the metal would remain positive as long as the trend line holds!!

2. Nickel



Nickel 3M LME \$15981: Nickel prices bounced back after testing the \$15500 mark yet again last week. With the said support level having tested multiple times, it has made a solid foundation for the price action. The prices are undergoing consolidation within the triangle formation and seem poised to break out in coming months. End users must take advantage of \$15500-\$16500 price range to lock into their medium-term requirement.

3. Zinc

LME 3M Zinc \$3116: Zinc prices rallied as markets took the breather after USD backed off. The metal is now closing on to 50% fib resistance at \$3350 mark while holding the upward trend line. Support is placed at \$2980. End users must meet their short-term requirements in \$3000-\$3050 range. Traders can wait for taking fresh long positions but hold on to existing long positions with target exit at \$3150 level.



2. Aluminium

LME 3M Aluminium \$2645: Aluminium prices are locked in at the higher end of the range. though price outlook is positive, it would be better to wait for the break before taking aggressive positions. In the meantime, end users can continue buying in spot market. Traders are advised to taking profit on the long positions if any.



3. Lead

LME 3M Lead \$2117: lead prices picked up in line with peer group. Prices are moving in broad range of \$1950-\$2150 and likely to continue doing so in the absence of major triggers. Rising zinc prices is likely to support to the metal.



Disclaimer

Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to the recipient's specific circumstances. The commodities, derivatives and strategies discussed and opinions expressed, if any, in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

This report may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the commodities referred to in this report (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment

Forexserve, its Directors, affiliates and any other entity so related shall not be held responsible for any gain/loss incurred by an investor, institutional and/or individual, based on the above research and opinions.