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Weekly Commodity Research Report

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Copper

Copper prices rose supported by positive manufacturing data from China, which showed expansion in October for the first time in six months and US presidential election. Optimism for additional stimulus measures from China, the world's top consumer also supported the metal. Moreover, markets are speculating that a Trump victory could trigger a broader risk-on rally, while a Harris win might ease concerns over tariffs, improving the outlook for metals demand. Markets also looking ahead to the Federal Reserve's policy decision later this week, where a cautious 25-basis-point rate cut is widely expected. Additionally, attention is on the ongoing National People's Congress, where Chinese authorities are expected to outline more details on potential fiscal stimulus measures.

Aluminium

Aluminium prices rose, driven by strong manufacturing data from China, the top consumer, where factory activity expanded in October, aided by government stimulus. Alumina shortages prompted systematic fund buying, while supply concerns intensified after Guinea suspended bauxite exports from Guinea Alumina Corporation (GAC) two weeks ago. LME data showed significant futures activity, with over 40% of December open interest in buying and 30-39% of January in selling. Goldman Sachs raised its 2025 aluminium price forecast from \$2,540 to \$2,700 per ton, expecting increased demand from China's stimulus efforts.

According to the International Aluminium Institute (IAI), global aluminium production rose 1.3% yoy in September, reaching 6.007 million tonnes. China's output for September grew 1.2% yoy to 3.65 million tons, with production for the first nine months of 2024 up 4.6% to 32.56 million tons due to robust demand and profitable margins

LME Cash Price		
Commodity	Bid	Ask
Copper	9584.75	9586.75
Aluminium	2604	2605
Zinc	3039	3040
Nickel	15645	15650
Lead	1988.25	1989.75

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	9717	9719	-132.25
Aluminium	2642	2643	-38
Zinc	3066.5	3067.5	-27.5
Nickel	16165	16170	-520
Lead	2037.5	2039	-49.25

Nickel

Nickel futures dropped to \$15,980 per tonne, reaching a six-week low, with analysts suggesting continued downward pressure due to a significant market surplus and the discovery of nickel at the Wedei prospect in Papua New Guinea. According to the Australian Office of the Chief Economist (AOCE), recent production cuts have failed to lift prices and expects weak demand to keep nickel prices soft through the remainder of 2024. Additionally, rising inventories highlight the oversupply issue, with stockpiles at major exchanges increasing by 90% since the start of the year, driven by production growth in China and Indonesia outpacing demand. Meanwhile, Indonesia, the world's largest nickel producer aims to manage nickel ore supply and demand to support prices, according to the country's mining minister.

Zinc

Zinc prices dropped to \$3,060 per tonne, retreating from a 20-month high as inventory inflows eased concerns of supply shortages. A single party recently held up to 79% of available LME zinc stocks, sparking fears of limited short-term supply. However, this tension eased following the arrival of 10,275 tons into LME warehouses in Singapore, bringing total stocks to 242,425 tons. Meanwhile, Russia's zinc producer Ozeroye faces production challenges due to sanctions affecting equipment procurement, casting doubt on mined zinc supply forecasts for 2025. Ozeroye had projected full-capacity output of 320,000 metric tons in 2025, about 2.5% of global supply, which may now be at risk. In Russia, zinc producer Ozeroye is facing challenges due to sanctions impacting equipment availability, raising doubts over its capacity to reach a full production output of 320,000 metric tons by 2025. This supply represents about 2.5% of projected global mined zinc, estimated at 12.86 million tons in 2025. The International Lead & Zinc Study Group (ILZSG) factored this growth into its robust supply forecast, projecting an 8.9% increase in new mining zinc supply outside China for 2025.

MCX Spot Price		
Commodity	Bid	Ask
Copper	856.75	856.95
Aluminium	242.95	243.1
Zinc	286	286.15
Nickel	0	0
Lead	182.05	182.2

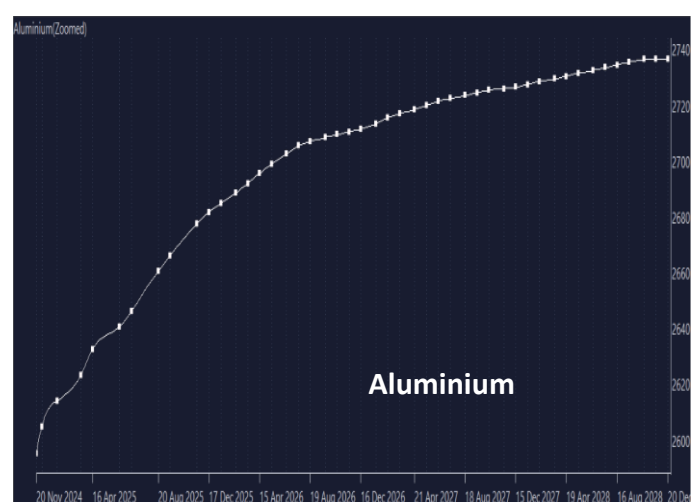
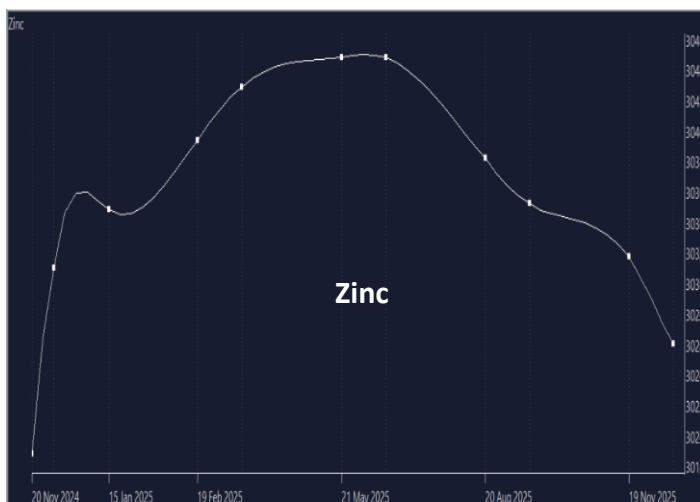
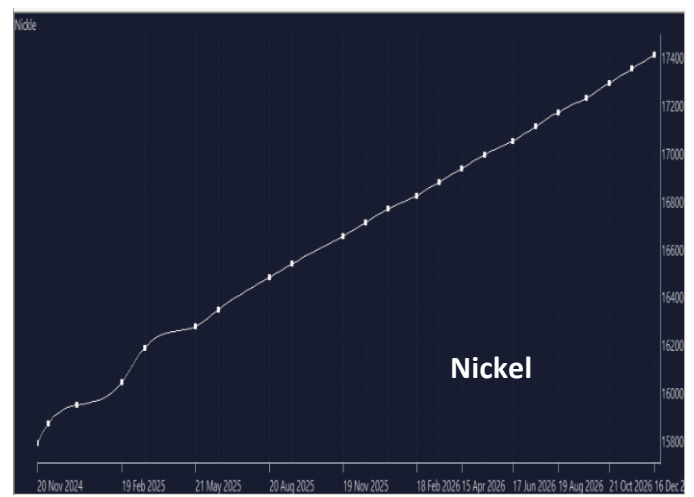
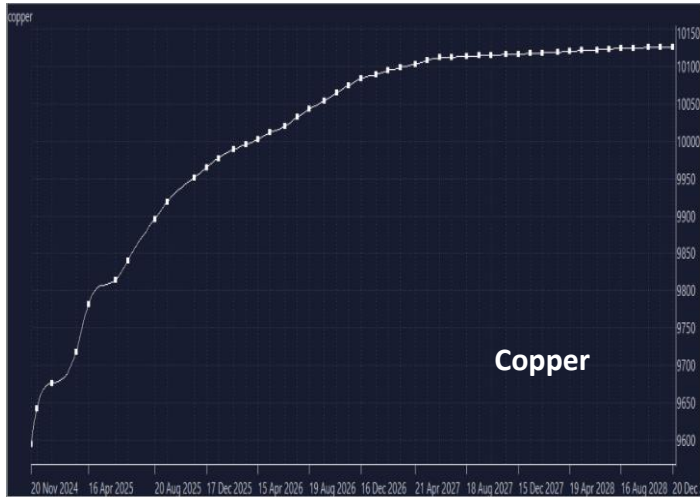
MCX 1M Futures Price		
Commodity	Bid	Ask
Copper	861.3	861.55
Aluminium	243.25	243.55
Zinc	281.7	291.95
Nickel	0	0
Lead	181.25	181.55

Lead

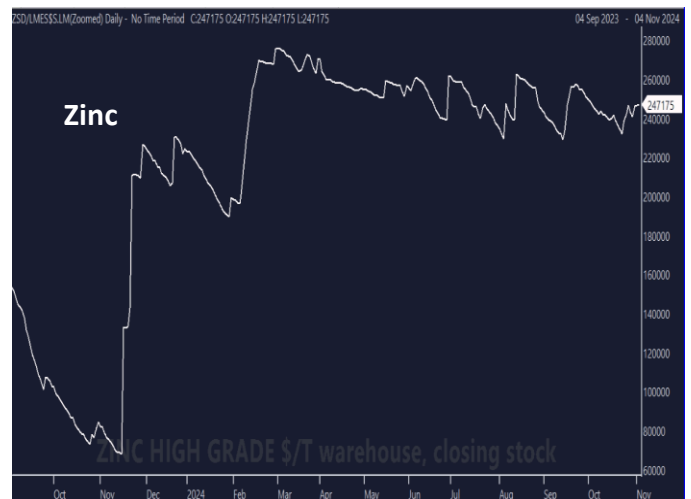
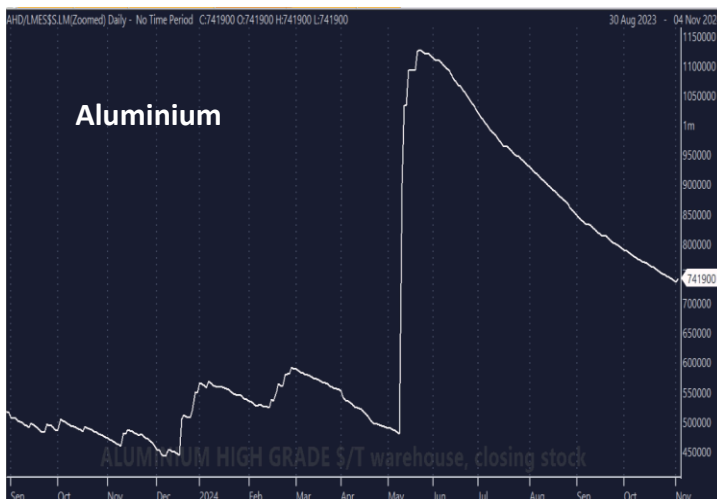
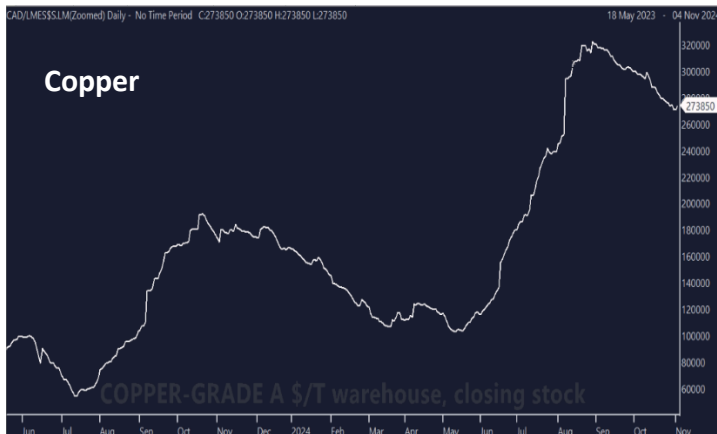
LME lead is trading higher supported by positive economic data from China. Furthermore, the US added 12,000 non-farm jobs in October, marking the smallest increase since December 2020. Traders increased their bets on a 25 basis point interest rate cut by the US Fed next week. The Caixin China Manufacturing PMI for October recorded 50.3, up 1 percentage point from September, returning to expansion territory. The Chinese Ministry of Commerce stated that it would introduce a batch of new policies in the consumer sector in collaboration with relevant departments.

LME Warehouse Stock (Tonnes)		
Commodity	Closing Stock	Net Change
Copper	272975.00	-875
Aluminium	739400	-2500
Zinc	245675	-1500
Nickel	147084	-78
Lead	189275	-175

Forward Curves



LME Warehouse Stock (In Tonnes)



Technical Analysis

1. Copper



LME Copper \$9733: Copper prices have been consolidating in \$9450-\$9750 range, thereby clearing the oversold conditions and forming base for next directional move. The compression and convergence of moving averages, within the upward trend is positive for the metal. Major support is placed at \$9450, validated by both candlesticks and fib ratio. We maintain our long stance on the metal with recommendation to add further in \$9450-\$9550 range.



2. Nickel

LME 3M Nickel \$15732: The metal has now formed a solid base at sub16k level, with metal looking poised to gain from current levels. However, it has to surpass the \$18k mark to regain momentum. We strongly recommend to buy the metal at current rates from value perspective for end users, especially if prices are within the costing benchmarks.



3. Zinc

LME 3M Zinc \$3067: Zinc prices have also been in correction and consolidation move in line with other base metals. The metal is now just above the 200 DMA at \$2975 which is also acting as support. Positive cross over of moving averages is positive for the prices. Outlook remains positive as long as the metal trades above the trend line support at \$2700 mark.



2. Aluminium

LME 3M Aluminium \$2629: Aluminium has been holding on to gains in volatile market conditions. Trend remains positive for the metal and we maintain our long stance. Supports are placed at \$2527 and \$2482. Outlook would remain positive, as long as these aforesaid supports are held!



3. Lead

LME 3M Lead \$2041: Lead prices have seen significant correction. The metal saw an Oct 24 intra month range of \$2170 and \$1998. Market is currently oversold and offers good buying opportunity at current levels. We suggest buying at least next 2 week requirement at current levels. Positive zinc outlook should also support the lead market.

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