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GLOBAL ZINC MARKET PULSE

Global Zinc Market:

A product of Bluglance Consulting

Prices, Spreads, Premiums & Strategies

Daily Report

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Zinc Price Table

	Open	High	Low	Close	% Change	YTD % Change
LME Cash (USD/MT)	3783	3797	3603	3681	-2.97%	19.45%
LME 3M FWD (USD/MT)	3666	3679	3469	3530	-3.96%	13.22%
LME Fut. (USD/MT)	3705	3705	3532	3566	-3.86%	15.76%
SHFE Fut. (CNY/MT)	24480	24555	24015	24160	-3.19%	3.91%
MCX Fut. (INR/KG)	401.05	403.40	383.00	392.50	-2.85%	27.62%

Dollar Strength and Hawkish Fed Signals Trigger Sharp Sell-off Across LME & Regional Markets

Zinc witnessed a sharp correction on Wednesday, November 18, as the LME third-Wednesday settlement coincided with aggressive selling across the base metals complex. LME three-month forwards declined 3.96% to close at $3,530/MT, while LME cash zinc fell 2.97% to $3,681/MT. SHFE zinc declined 3.19% to RMB 24,160/MT, while MCX zinc corrected 2.85% to ₹392.50/kg. The weakness extended across regional exchanges, indicating broad-based liquidation rather than isolated selling in any particular market.

The US Dollar Index surged towards 104, following increasingly hawkish signals from the Federal Reserve. The October FOMC minutes indicated that some policymakers considered further rate increases necessary if inflation remained persistent. Fed Governor Christopher Waller also advocated a more aggressive monetary response, strengthening expectations of higher US interest rates. This has intensified pressure on dollar-denominated commodities and industrial metals.

Regional Price Dynamics and Forward Spreads: The LME forward curve continues to reflect substantial nearby tightness despite the sharp correction in outright prices. LME cash settled at $3,681/MT against the three-month forward price of $3,530/MT, keeping cash-to-three-month backwardation elevated at approximately $151/MT. This indicates that immediately deliverable zinc continues to command a significant premium over deferred metal.

On the domestic front, MCX zinc closed at ₹392.50/kg, with the converted price differential indicating a premium of approximately $316/MT over LME cash import parity. This elevated premium continues to make domestic material relatively expensive compared with international replacement economics. SHFE zinc's weakness also reflects deteriorating Chinese market sentiment, with subdued downstream buying and limited procurement interest. Recent industry assessments indicate that spot transactions remain largely need-based, while consumers continue adopting a cautious approach towards replenishment.

Inventory Developments: LME inventories declined by 1,600 tonnes to 146,775 tonnes, while MCX warehouse stocks fell by 10 tonnes to 337 tonnes. Combined exchange inventories decreased by 7,885 tonnes to 267,278 tonnes, highlighting continued inventory tightness despite weakening prices.

Overall Market Perspective: Zinc remains under pressure from dollar strength, hawkish Fed expectations and broad-based liquidation, outweighing underlying inventory tightness. For the day, LME zinc is expected to trade within $3,470–3,600/MT, with a bearish bias. Recovery attempts are likely to encounter selling pressure amid weak regional sentiment and elevated macroeconomic uncertainty.

Exchange Inventory

Exchange Inventory (MT)					
LME	18-Nov	17-Nov	Change	MTD Chg.	YTD Chg.
	146775	148375	-1600	-14500	39150
MCX	17-Nov	16-Nov	Change	MTD Chg.	YTD Chg.
	337	347	-10	155	-1388
SHFE	13-Nov	06-Nov	Change	MTD Chg.	YTD Chg.
	120166	126441	-6275	-14749	50373
Total	267278	275163	-7885	-29094	88135

Ratio Analysis

	Commodity	18-Nov	31-Dec	% Change
Mining Resources	Zinc	3530	3118	13.2%
	Lead	1869	2011	-7.1%
	Zinc/Lead	1.89	1.55	
Macro Relation	Zinc	3530	3118	13.2%
	Silver	45.49	71.66	-36.5%
	Copper/ Lead	77.59	43.50	

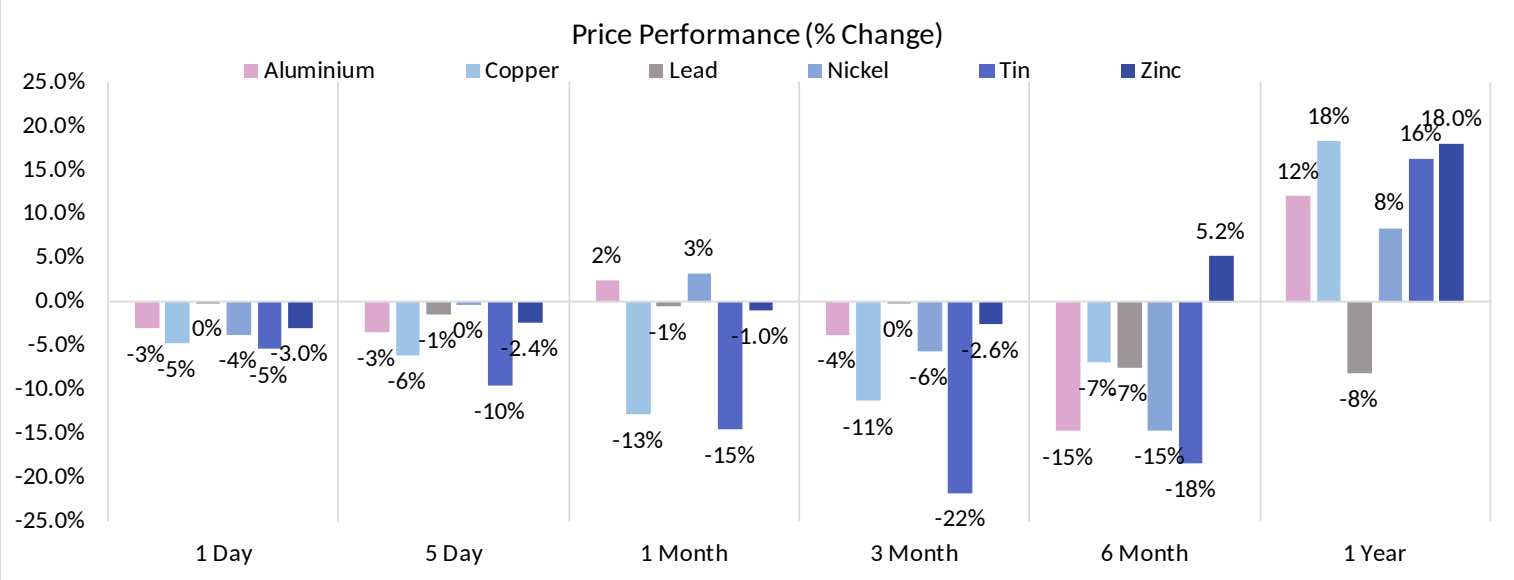
Spread Analysis

Contract	Price (USD/MT)			
LME Cash	3681			
SHFE Future	3624	-536		
MCX Future	4200		316	
LME Zinc Futures				
Contract	**Price (USD/MT)**	**Change (%)**	**Spread**	**Annu. Carry %**
Near	3581	-3.45%	-86.00	-29.22
Next	3495	-5.23%		
SHFE Zinc Futures				
Contract	**Price (CNY/MT)**	**Change (%)**	**Spread**	**Annu. Carry %**
Near	24160	-3.19%	-250	-12.59
Next	23910	-3.98%		
Far	23645	-4.71%	-515	-12.97
MCX Zinc Futures				
Contract	**Price (₹/kg)**	**Change (%)**	**Spread**	**Annu.Carry %**
Near	392.50	-2.85%	-18.40	-57.04
Next	374.10	-2.97%		
Far	365.30	-3.81%	-27.20	-42.16

Note: Net Spread (USD/MT) MCX: Price + Prem. $203/MT (5% BCD + $40), SHFE: Price+13% Prem.

Source: Bloomberg, Bluglance

Price Performance



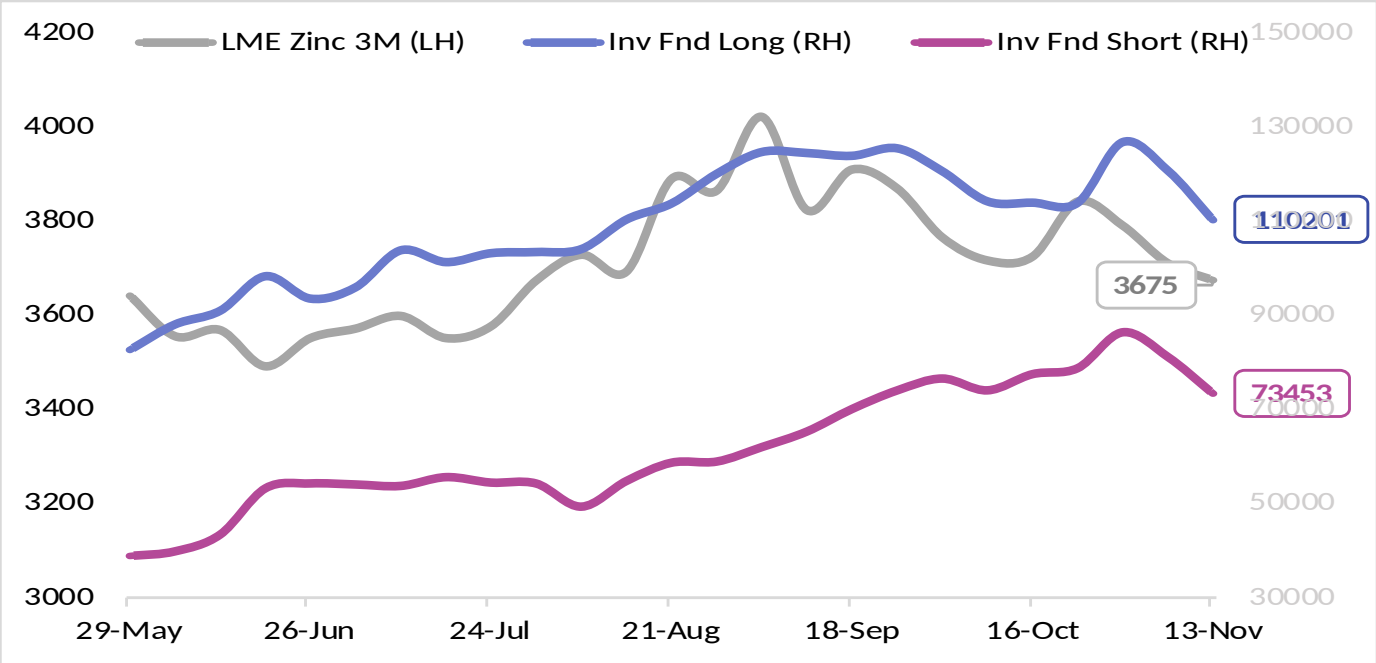
Technical Analysis:



Technical Support & Resistance:

	Close	Pivot	Support2	Support1	Resi.1	Resi. 2
LME Cash (USD/MT)	3681	3694	3499	3590	3785	3888
LME 3M FWD (USD/MT)	3530	3559	3349	3439	3649	3769
LME Fut. (USD/MT)	3566	3601	3428	3497	3670	3774
SHFE Fut. (CNY/MT)	24160	24243	23703	23932	24472	24783
MCX Fut. (INR/KG)	392.5	393.0	372.6	382.5	402.9	413.4

Commitment of Traders Report



Economic Events						
Time	Relevance	Country	Event	Period	Survey	Prior
14:30	EC		ECB Current Account SA	Sep	--	8.7b
19:00	US		Philadelphia Fed Business Outlook	Nov	21.5	20.9
19:00	US		Initial Jobless Claims	14-Nov	198k	200k
19:00	US		Continuing Claims	07-Nov	1700k	1697k
20:30	US		Leading Index	Oct	0.00%	0.00%

Source: Bloomberg, Bluglance

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