



Weekly Base Metals Insights

03rd Aug – 07th Aug 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

Aluminium

Up 0.95% WoW, Close Price \$3,195/MT; LME backwardation of \$33/MT signals tighter ex-China supply, weak Chinese Processing PMI caps upside.

Copper

Up 1.41% WoW, Close Price \$13,803/MT, tightening Chinese physical balance and widening backwardation keep the market constructive.

Lead

Down 0.27% WoW, Close Price \$1,880/MT; sideways bias as supply improves against subdued demand.

Nickel

Down 0.32% WoW, Close Price \$17,255, Sizeable contango near \$195/MT and WoW inventories declining from 267,342 MT to 266,172 MT.

Zinc

Up 1.46% WoW, Close Price \$3,643/MT; LME backwardation widened to +\$67/MT, supply-driven strength, bullish bias.

Key Events

US ISM Manufacturing (Mon, 3 Aug), RBI Repurchase Rate (Wed, 5 Aug), and US Nonfarm Payrolls (Fri, 7 Aug) will be the key drivers of direction for base metals this week.



Economic Calendar

03rd Aug - 07th Aug

Mon, 3rd Aug

19:15 IST – S&P Global US Manufacturing PMI (forecast 53.8)
19:30 IST – US ISM Manufacturing (forecast 53.9 | previous 53.3)

1

Tue, 4th Aug

18:00 IST – US Trade Balance (forecast -\$73.0B | previous -\$77.6B)
19:30 IST – US JOLTS Job Openings (forecast 7,501K | previous 7,594K)

2

Wed, 5th Aug (Most Critical Day)

10:00 IST – RBI Repurchase Rate (forecast 5.25% | previous 5.25%)
17:45 IST – US ADP Employment (forecast 68K | previous 98K)
19:30 IST – US ISM Services PMI (forecast 54.5 | previous 54) – key signal on US

3

Thu, 6th Aug

18:00 IST – US Initial Jobless Claims (forecast 202K | previous 197K)

4

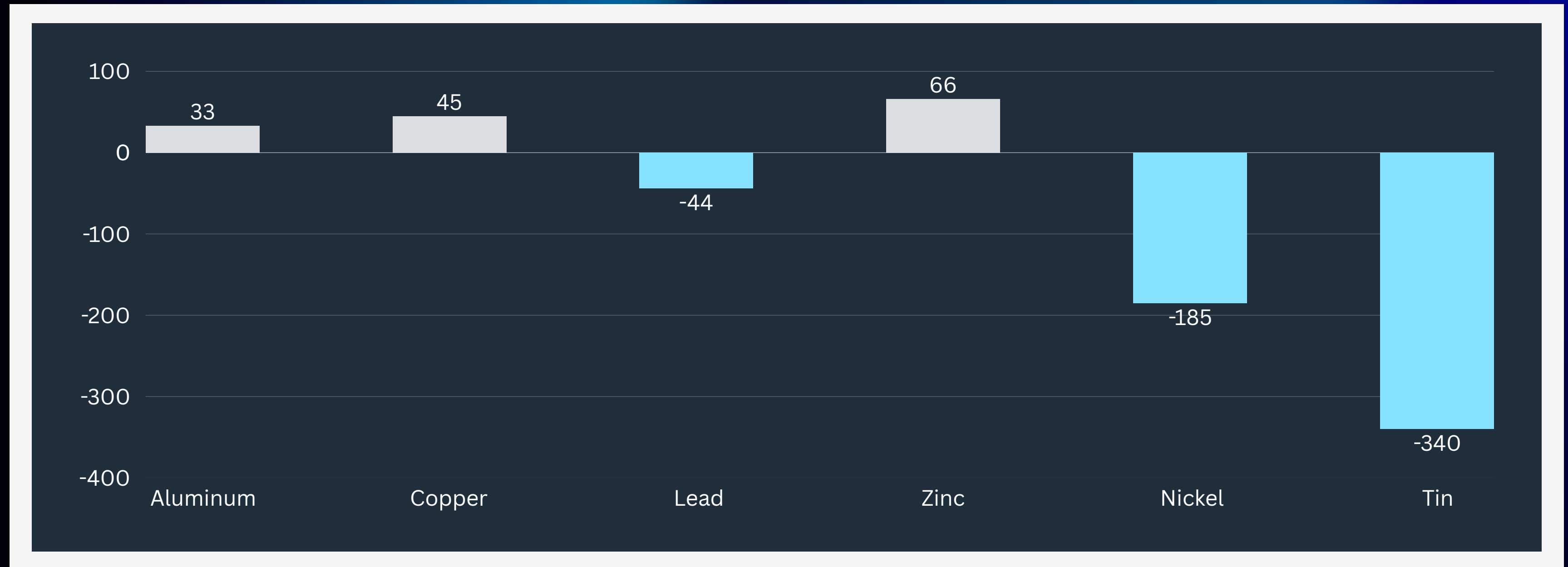
Fri, 7th Aug (Biggest Event of the Week)

18:00 IST – US Nonfarm Payrolls (forecast 85K | previous 57K)
18:00 IST – US Unemployment Rate (forecast 4.20% | previous 4.20%)

5



LME Base Metals: Cash-3m Spread Snapshot



Source: Bloomberg, 3 Month Forward price of LME

(-) number denotes Contango and (+) Backwardation

Note: The LME forward curve remains mixed, with Aluminium, Copper and Zinc in backwardation due to stronger nearby demand and tighter physical availability, while Lead, Tin, and Nickel are in contango, indicating less immediate supply tightness.

Weekly Market Range (03rd Aug to 07th Aug)

Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	99.8	99.00 – 100.70	Sideways to Bearish
Copper	13,800	13,500 – 13,950 / 14,200	Sideways to Bullish
Aluminium	3,195	3,050 – 3,380	Sideways
Lead	1,880	1,860 – 1,910	Sideways
Zinc	3,640	3,540 – 3,660 (3,700 – 3,770 on breakout)	Bullish
Nickel	17,250	16,950 – 17,500	Sideways

Price & Forward-Curve Structure

LME Aluminium 3-month forwards closed at \$3,195/MT, up 0.95% WoW. The LME Cash-3M spread remained in backwardation of around \$33/MT, reflecting tighter availability of prompt metal, as declining inventories, warehouse withdrawals and renewed Middle East war risks contribute to tighter ex-China supply conditions. However, cancelled warrants remain relatively low at around 8%, suggesting the backwardation reflects broader prompt-market tightness rather than exceptionally strong new withdrawal demand.

SHFE aluminium closed at RMB 23,625/MT, up 1.92% WoW, while the first-to-second-month spread remained in mild contango of around -30 yuan/MT, supported by softer downstream consumption. The LME backwardation versus SHFE contango highlights tighter prompt conditions in the ex-China market against weaker downstream consumption in China.

China Demand & Fund Positioning

China's Aluminium Processing PMI fell 4.4 percentage points MoM to 42.2% in July, firmly in contraction territory, with secondary alloy (37.6%), aluminium foil (39.0%) and construction extrusion (39.7%) particularly weak. The broad-based contraction confirms soft end-use demand, limiting prospects for a near-term recovery in Chinese consumption.

Combined LME, SHFE, CME and MCX inventories declined to around 716,204 MT, with meaningful withdrawals from LME and SHFE. Investment funds remain strongly positioned long, though net longs eased marginally from 130,959 to 129,121 lots as shorts rose faster than longs, indicating some added caution rather than a bearish reversal.



Supply Risks & Macro Watch

Renewed Middle East war risks are adding a supply and logistics risk premium to ex-China primary aluminium, while restrictions on Middle Eastern scrap exports are reducing availability for Indian secondary producers. A potential 15% EU duty on aluminium scrap exports, expected around September 9, could add further tightness, alongside CBAM-related carbon costs reshaping ex-China trade flows and widening regional premium differentials.

Markets will monitor US ISM Manufacturing PMI (Mon, 3 Aug), ISM Services PMI (Wed, 5 Aug) and Nonfarm Payrolls (Fri, 7 Aug). Stronger US data could improve demand sentiment but strengthen the Dollar and cap metal prices, while softer employment data could support base metals.

Outlook

LME Aluminium is expected to consolidate between \$3,120–3,200/MT. A sustained break above \$3,200 could open the way toward \$3,350–3,380/MT.

Falling inventories, backwardation, strong fund positioning and ex-China supply risks remain supportive, while weak Chinese downstream demand remains the key fundamental headwind.

Bias: Sideways

Aluminum Chart



Price Performance & Physical Tightness

Copper delivered another positive month in July across major exchanges, with LME copper gaining 3.16%, CME copper rising 4.14%, and SHFE copper advancing 2.59%, remaining resilient even as oil, gold and aluminium pulled back over the month.

The strongest signal from the market is increasing tightness in China's physical balance. SHFE inventories continue declining toward the lowest seasonal levels in five years, while Yangshan premiums have risen above \$100/t, their highest since 2022. SHFE spreads have moved deeper into backwardation, with the one-year spread at its widest of 2026, while LME cash-to-3M spreads have also moved into backwardation, reflecting reduced nearby availability outside China as well.

US Inventories & Supply Constraints

COMEX inventories continue rising as imports remain elevated, but this largely reflects relocation of metal from ex-US shadow inventories rather than growing global supply, since global visible inventories have actually declined as Chinese draws outpaced US builds.

The tightness appears driven primarily by supply constraints rather than surging demand. Copper concentrate imports into China have weakened YoY, treatment charges have hit fresh record lows amid feedstock competition, and mine supply growth is expected to stay broadly flat in 2026 and below trend in 2027, dependent on key assets like Grasberg, Kamoakamoa and El Teniente, with Cobre Panama still offline.



Positioning & Tariff Watch

Investor positioning has moderated from earlier highs, creating fresh capacity for renewed investment flows, while inflation expectations moving closer to the Fed's target has reduced "debasement trade" concerns that previously supported commodity prices.

COMEX copper continues trading at a premium to LME, reflecting some probability still assigned to a US copper cathode import tariff, though robust shipping data suggests a broad tariff remains unlikely, implying the premium could gradually narrow in coming months.

Outlook

The copper market continues to exhibit characteristics of a fundamentally tight physical environment. Falling Chinese inventories, strong import premiums, widening backwardation, and constrained mine supply collectively point toward a market vulnerable to further upside pressure, though near-term volatility is likely as markets assess US tariff risks and macro developments.

For August, copper is expected to initially trade within \$13,500–14,000/t as markets consolidate recent gains, with sustained tightness potentially supporting a move toward \$14,300–14,500/t over coming months. Key risks include a sharper global manufacturing slowdown, significant Dollar strength, or an unexpected easing in physical tightness.

Bias: Constructive

Copper Chart



Price Action & Inventory

Lead LME 3-Month closed at \$1,880/MT on Friday, down 0.27% WoW, trading within a range between \$1,875 and \$1,913.5. Despite the weekly decline, LME Lead ended July with a modest 0.45% MoM gain.

LME inventories declined 6,525 MT WoW to 445,850 MT, while the cancelled warrant ratio remained elevated near 18%. The Cash-3M spread widened from around -\$33.67/MT to -\$44.06/MT, suggesting nearby physical tightness eased slightly despite lower exchange inventories.

SHFE inventories increased 6,437 MT to 71,617 MT, with both forward curves remaining in contango, the LME C1-C2 spread near -\$16/MT and the SHFE August-September C1-C2 spread near -CNY 50/MT, pointing to broadly comfortable nearby supply across both markets.

Demand & Supply Fundamentals

China's primary lead output rose 7.44% MoM in July as smelters resumed production following scheduled maintenance, improving overall metal availability. However, August consumption is expected to remain subdued, with battery manufacturers continuing just-in-time procurement amid cautious sentiment.

At the same time, ongoing maintenance and production cuts at both primary and secondary smelters have strengthened expectations of tighter supply, narrowing spot discounts and reflecting firmer physical conditions despite weak seasonal demand, though spot trading remained relatively thin.



Macro Watch

Market attention centres on the US ISM Manufacturing PMI (Mon, 3 Aug, 19:30 IST), ISM Services PMI (Wed, 5 Aug, 19:30 IST), and Nonfarm Payrolls (Fri, 7 Aug, 18:00 IST) this week, expected to shape Dollar and broader industrial metals sentiment across industrial metals this week.

The Dollar Index faces initial resistance near 100.70, with coordinated Japan-US currency intervention supporting the yen and weighing on the Dollar, while eased US-Iran diplomatic tensions have calmed immediate geopolitical concerns.

Outlook

Lead is expected to trade within a range of USD 1,860–1,910/MT this week as the market balances improving supply conditions against continued production cuts and maintenance at smelters.

While weak seasonal battery demand may limit upside, expectations of tighter supply and narrowing spot discounts are likely to provide underlying support.

Directional View: Sideways

Lead Chart



Price Action & Inventory

LME Nickel 3-month FWD closed last week at \$17,255/MT, down 0.25% WoW, while the Cash-3M spread remained in a sizeable contango of around \$195/MT, indicating comfortable availability of prompt metal. LME inventories declined marginally from 267,342 MT to 266,172 MT, while cancelled warrants remained low at 4.3%, suggesting limited immediate withdrawal demand. Elevated exchange stocks and contango continue to restrict the upside in nickel prices.

China Demand

China's refined nickel imports remain strong, reaching approximately 149,000 MT during January-June 2026, up 58% YoY, with net imports of around 138,000 MT already exceeding any full year since 2021. Indonesia accounted for almost one-third of China's refined nickel imports, highlighting growing dependence on Indonesian supply.

Supply Risk Watch

Indonesia tightened mineral export checks in early July over rare-earth content concerns, temporarily delaying some NPI and MHP shipments, though the government intervened on July 27 to ease the bottleneck, with the risk premium likely to reduce further as flows normalise. Separately, environmental concerns around Raja Ampat resurfaced on July 31 after Greenpeace flagged continued mining and additional licences; while the region's direct supply contribution is small, the larger risk is whether scrutiny leads to tighter regulation in major producing regions like Sulawesi and North Maluku.

Outlook: Nickel is expected to remain sideways within \$16,950–17,500/MT. Strong Chinese refined-nickel imports and Indonesian regulatory risks provide support, while high LME inventories, low cancelled warrants, sizeable contango and easing export-disruption risks are likely to cap the upside.

Bias: Sideways.

Nickel Chart



Price Action

Zinc LME 3-Month closed at \$3,643/MT on Friday, after gaining approximately 1.46%, trading between a high of \$3,649/MT and a low of \$3,555/MT. On a MoM basis, LME Zinc gained approximately 2.6% during July, supported by tightening physical conditions and firm backwardation.

The Cash-3M spread remained firmly in backwardation, widening to around +\$67/MT, indicating persistent tightness in prompt metal availability. LME zinc inventories declined approximately 6,000 MT to 99,800 MT, falling below the 100,000 MT mark for the first time in several months.

SHFE inventories increased marginally by around 963 MT to 151,530 MT, with the nearby market remaining in contango, suggesting domestic supply stays relatively comfortable despite tightening overseas.

Demand & Supply Fundamentals

Supply-side fundamentals remained supportive as zinc concentrate treatment charges continued to decline, highlighting persistent tightness in concentrate availability. The SHFE/LME zinc price ratio held around 6.84, making imported concentrates less economical for Chinese smelters and encouraging greater reliance on domestic ore, while port concentrate inventories also declined, reinforcing the tight raw material environment.

Scheduled maintenance at a central Chinese zinc smelter is expected to reduce August output by around 1,000–1,500 MT, while operational disruptions at Glencore's Kazzinc in Kazakhstan continue to support a tighter refined zinc market. On demand, Chinese downstream buying remained cautious, with consumers purchasing only against immediate needs as higher prices discouraged discretionary buying, indicating current price strength is being driven primarily by supply-side constraints rather than a broad-based demand recovery.



Macro Watch

This week's US data calendar carries real weight for zinc, with ISM Manufacturing (Mon, 3 Aug, 19:30 IST), ISM Services (Wed, 5 Aug, 19:30 IST), and Nonfarm Payrolls (Fri, 7 Aug, 18:00 IST) all in focus. The Dollar is expected to meet initial resistance near the 100.70 level, a threshold that could define its next move.

Adding to the backdrop, joint currency intervention from Japan and the US has propped up the yen at the Dollar's expense, while a thaw in US-Iran talks has eased some geopolitical pressure, though the region remains one to watch. Friday's Unemployment Rate print rounds out the week's key releases for gauging Dollar and zinc sentiment.

Outlook

Zinc enters the new week with physical fundamentals remaining supportive. Continued inventory drawdowns, firm LME backwardation, rising cancelled warrants and declining treatment charges continue to reinforce the constructive supply outlook.

While key macroeconomic events may influence near-term volatility, the broader trend remains positive. As long as prices hold above the expected range of USD 3,540 – 3,660/MT, a sustained breakout could open the way towards the USD 3,700–3,770/MT zone.

Directional View: Bullish

Zinc Chart



DISCLAIMER

This presentation has been prepared by Bluglance Research Team for informational purposes only. The content is based on publicly available information and internal research as of July 2026. It does not constitute investment, trading, or financial advice. Bluglance Consulting Pvt. Ltd. shall not be held liable for any decisions made based on the information contained herein. Recipients are advised to exercise independent judgment and seek professional guidance where necessary.

For informational purposes only, not for investment or trading advice.

© Bluglance Consulting Pvt. Ltd.

OUR SERVICES

- Commodity Intelligence
- Market Research
- Price Risk Management
- Hedging Solutions
- Treasury Consulting
- Strategic Consulting

CONTACT US

Bluglance Consulting Pvt. Ltd.

- ✉ agayan@bluglance.com | commodity@bluglance.com
- ☎ +91 81319 94848 | +91 8876 557797
- 🌐 www.bluglance.com
- 📍 Mumbai & Hyderabad, India



@Bluglance Consulting Private Ltd

