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Weekly Base Metals Insights

09th Nov to 13th Nov, 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

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Aluminium

Up 0.34% WoW, Close Price $3,073/MT; global inventories fell ~62,000 MT, driven by SHFE withdrawals of 58,000 MT; LME backwardation strengthened to ~$100/t; Chinese social inventories at 521,000 MT; processing PMI slipped below 50, capping upside.

Copper

Down 2.82% WoW, Close Price $13,755.50/MT; LME and CME inventories rose ~47,000 MT combined in Nov MTD; but SHFE stocks fell below 34,000 MT with Shanghai backwardation near RMB 2,000/MT; Western inventory build vs Eastern physical tightness remains the key divergence.

Lead

Down 0.95% WoW, Close Price $1,886.5/MT; LME stocks fell 7,375 MT to 304,000 MT; Cash-3M contango widened to $32.94/t; SHFE inventories halved to 13,458 MT; e-bike battery rates declined to 69.98% on new certification disruptions; Copper/Lead ratio at 7.29.

Zinc

Down 2.78% WoW, Close Price $3,718.5/MT; LME backwardation narrowed sharply to below $25/t; stocks fell below 146,000 MT; SHFE discount of ~$435/t keeps Chinese exports competitive; MCX gained ~1.5% on domestic backwardation of ~₹18/t.

Nickel

Up 7.65% WoW, Close Price $16,385/MT; best performer; Indonesian supply concerns and tighter 2027 RKAB quota expectations drove gains; LME stocks fell 6,270 MT; contango widened to $182/t; Chinese downstream demand remains subdued.

Key Events

US CPI (Tue 10 Nov) is the week's biggest event, survey 0.3% vs prior 0.6%. India CPI (Thu) survey 6.00% could impact MCX. US PPI (Fri) survey 0.4% vs prior 1.30%. China PPI already beat at 5.7%, signalling upstream cost pressures. Tuesday most critical for dollar and metals direction.

Economic Calendar

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09th Nov to 13th Nov

Monday, 9th Nov

07:00 | China CPI MoM (Oct) – Actual: 0.0% | Prior: 0.2%
07:00 | China CPI YoY (Oct) – Actual: 0.7% | Survey: 0.8% | Prior: 0.9%
07:00 | China PPI YoY (Oct) – Actual: 5.7% | Survey: 5.3% | Prior: 5.0%

Tuesday, 10th Nov

08:30 | China Trade Balance (Oct) – Survey: $126.5B | Prior: $133.53B
19:00 | US CPI MoM (Oct) – Survey: 0.3% | Prior: 0.6%
19:00 | US Core CPI MoM (Oct) – Survey: 0.2% | Prior: 0.3% – **BIGGEST EVENT OF THE WEEK**

Wednesday, 11th Nov

17:30 | US MBA Mortgage Applications (06-Nov) – Prior: -1.20%

Thursday, 12th Nov

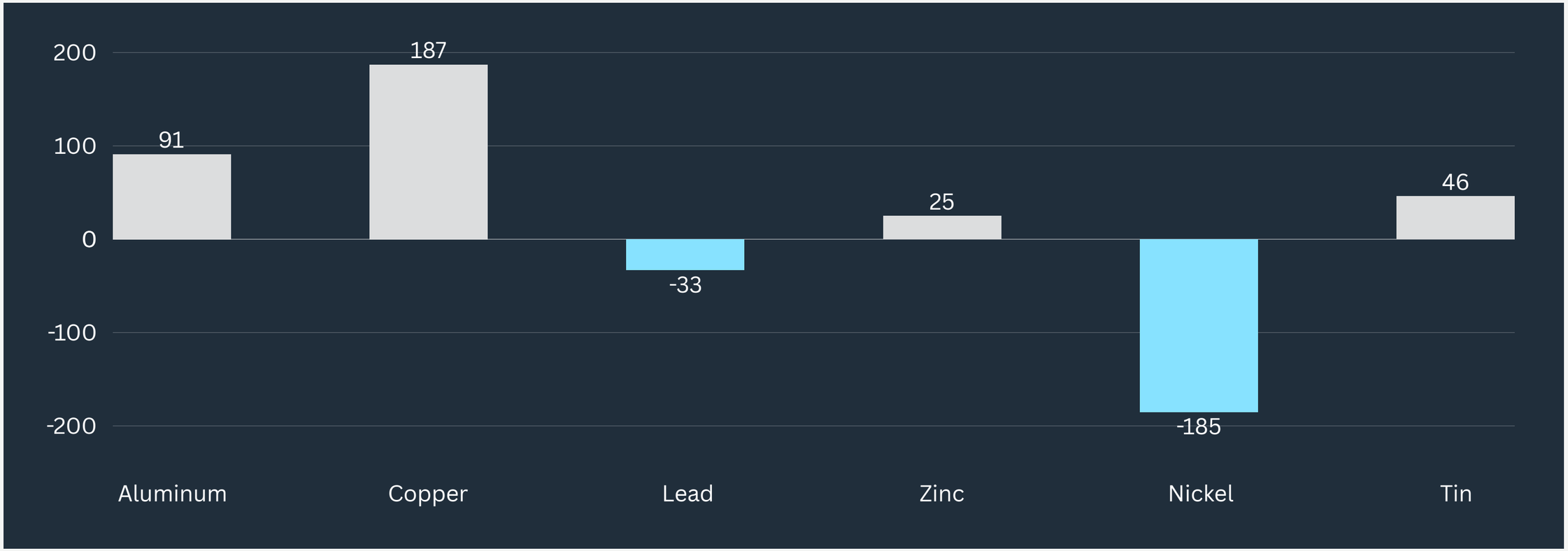
12:30 | UK GDP QoQ (3Q P) – Survey: 0.70% | Prior: 0.50%
16:00 | India CPI YoY (Oct) – Survey: 6.00% | Prior: 5.54%
17:00 | US Initial Jobless Claims (07-Nov) – Survey: 195K | Prior: 189K
22:30 | US Crude Oil Inventories – Prior: -0.865M

Friday, 13th Nov

15:30 | EC GDP SA QoQ (3Q S) – Survey: 0.40% | Prior: 0.40%
19:00 | US PPI MoM (Oct) – Survey: 0.40% | Prior: 1.30%

LME Base Metals: Cash-3m Spread Snapshot

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Source: Bloomberg, 3 Month Forward price of LME

(-) number denotes Contango and (+) Backwardation

Note: Four of six base metals remain in backwardation, led by Copper ($187) and Aluminium ($91). Zinc backwardation narrowed sharply from $75 to $25, signalling easing nearby tightness. Lead (-$33) and Nickel (-$185) remain in contango, reflecting comfortable prompt supply and subdued downstream demand.

Performance Snapshot: All Metals

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Asset	Nov 6, 2026	Oct 30, 2026	WoW %	YTD %
Dollar Index (DXY)	102.28	101.96	0.31%	4.07
Copper	13,755.50	14,155.00	-2.82%	10.2
Aluminium	3073	3062.5	0.34%	2.54
Lead	1886.5	1904.5	-0.95%	-5.93
Zinc	3718.5	3825	-2.78%	18.95
Nickel	16385	15220	7.65%	-2.18

LME Weekly Market Range (09th Nov to 13th Nov)

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Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	102.28	101.80–102.60	Sideways to Mildly Bullish
Copper	13,755.50	13,500–14,000	Bearish (Short covering likely from closer to the lower range)
Aluminium	3073	3,030–3,130	Sideways to Mildly Bullish
Lead	1886.5	1,870–1,910	Mildly Bearish
Zinc	3718.5	3,670–3,830	Mildly Bearish
Nickel	16385	15,800–16,500	Bullish

Aluminum

Falling Inventories and Tight Physical Markets Offset Weak Chinese Demand

LME Aluminium 3-month prices closed at $3,073/tonne, marginally up by 0.34% WoW. Despite the minor gain, aluminium remained the second-best-performing metal in the base metals complex after nickel, while most other metals recorded losses of 1–4%, highlighting its relative resilience. On the domestic front, MCX November aluminium futures settled largely unchanged at ₹330/kg, reflecting a stable price trend despite weakness across the broader metals complex.

Global Inventory Drawdowns and Tight Nearby Availability:

Global visible aluminium inventories declined by approximately 62,000 tonnes across SHFE, LME, MCX and CME during the week, primarily driven by substantial SHFE warehouse withdrawals exceeding 58,000 tonnes. The significant reduction in exchange-monitored inventories indicates lower readily available metal and provides an underlying layer of support to international prices. The scale of SHFE withdrawals also highlights the importance of Chinese inventory movements in influencing global aluminium availability and market sentiment.

Source: SMM, Bloomberg & Bluglance Consulting Research

Physical market indicators further reinforced the tightening supply conditions. LME cash-to-3-month backwardation strengthened to nearly $100/tonne, indicating a substantial premium for immediate metal over forward delivery and reflecting tight nearby availability. Such elevated backwardation generally signals stronger demand for prompt metal and limited availability in the nearby market. On the domestic front, MCX near-month to next-month backwardation remained around ₹2/kg, also indicating relatively firm nearby market conditions. Meanwhile, the MCX import parity spread against LME cash stood at approximately $49/tonne, suggesting that domestic aluminium prices remained relatively expensive compared with international prices, making fresh imports less favourable.

Chinese Inventories Decline Despite Weak Downstream Activity:

In China, aluminium social inventories across 10 monitored regions stood at 521,000 tonnes as of November 5, declining by 26,000 tonnes, or 4.8%, from November 2. Aluminium billet inventories also decreased to approximately 126,000 tonnes, indicating continued inventory reduction across the domestic market. These declines provide a supportive signal for prices, particularly as falling inventories can tighten the availability of readily deliverable material.

Aluminum

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However, the demand outlook remains less encouraging. China's aluminium processing PMI slipped below the 50-point threshold, indicating contraction in downstream processing activity. Weakness in processing orders and export demand continues to weigh on the demand outlook, suggesting that inventory drawdowns should not necessarily be interpreted as evidence of a broad-based recovery in consumption. The divergence between falling inventories and subdued processing activity remains an important factor to monitor, as the sustainability of inventory reductions will depend on the pace of improvement in actual downstream consumption.

Rising Production and Improving Supply Arrivals Could Moderate Tightness: On the supply side, rising Chinese primary aluminium production and improving supply arrivals could gradually ease some of the tightness reflected in exchange inventories and nearby spreads. The gradual restart of EGA's Al Taweelah smelter is another development to monitor, as the restoration of production could improve global supply availability over time. While these developments may limit the extent of further inventory tightening, their immediate impact will depend on the pace at which additional metal reaches the physical market.

Nevertheless, firm Asian physical premiums continue to indicate tightness in selected regional markets. This suggests that despite improving supply availability, physical metal conditions remain relatively firm in certain consuming regions. The combination of declining exchange inventories, elevated LME backwardation and firm regional premiums continues to provide fundamental support, although rising production could gradually moderate this strength.

US Economic Data and Dollar Movement to Influence Sentiment:

Macroeconomic developments will remain an important driver of aluminium prices in the coming week. Stronger-than-expected October US nonfarm payroll growth of 165,000 has reinforced expectations of a 25-basis-point Federal Reserve rate hike in December. A more hawkish monetary policy outlook could support the US dollar and weigh on dollar-denominated commodities by making them relatively expensive for overseas buyers.

Markets will closely monitor US CPI and Core CPI data scheduled for November 10, followed by PPI on November 13. These releases will provide further indications of inflationary trends and could influence expectations surrounding the Federal Reserve's future policy decisions. The US Dollar Index trading above 102 remains a near-term headwind for base metals, as sustained dollar strength could restrict further upside in aluminium. Meanwhile, Brent crude trading below $100/barrel could help moderate broader inflationary pressures, although the impact on monetary policy expectations will depend on the overall inflation data.

Aluminum

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Technical Outlook and Weekly Perspective

From a technical perspective, LME Aluminium is expected to trade within the $3,030–3,130/tonne range, while MCX Aluminium is likely to remain within ₹324–336/kg. The market is expected to remain sensitive to developments in Chinese inventories, physical premiums, supply availability and upcoming US inflation data.

Overall, the weekly outlook for aluminium remains sideways to mildly bullish. Significant global inventory drawdowns, particularly the substantial reduction in SHFE stocks, elevated LME cash backwardation and firm Asian physical premiums continue to provide underlying price support. However, the sustainability of this strength remains uncertain amid subdued Chinese downstream activity, rising primary aluminium production and improving supply arrivals. Additionally, a stronger US dollar and hawkish Federal Reserve expectations could restrict further gains. Consequently, aluminium may retain its relative resilience within the base metals complex, but a sustained upward move will require stronger evidence of downstream demand recovery alongside continued tightness in physical markets.

Expected Weekly Range (USD): $ 3,030–3,130
Bias: Sideways to Mildly Bullish

Aluminum Chart

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Copper

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Western Inventory Build-up vs. Eastern Physical Tightness

Copper prices have corrected by nearly $1,000/MT over the past four weeks, declining from levels of $14,700/MT to around $13,700/MT. While the correction is evident, the underlying fundamentals present two contrasting narratives between Western and Eastern markets.

Western Markets: Inventory Build-up and Macro Pressure

LME inventories have continued to rise, while CME stocks have also registered a moderate increase. In November (MTD), LME inventories have increased by approximately 42,000 MT, while CME inventories have risen by around 5,200 MT. This simultaneous build-up suggests that the anticipated redirection of COMEX stocks towards LME warehouses has not yet materialised, either fully or partially, to any significant extent.

The increase in LME inventories could instead reflect the transfer of metal from non-exchange inventories, including social and bonded warehouses, into LME-registered warehouses. Alongside inventory accumulation, a stronger US dollar, expectations of further interest rate hikes, profit booking and long liquidation have reinforced risk-off sentiment across commodities. These factors have collectively contributed to copper's recent price correction.

Source: SMM, Bloomberg & Bluglance Consulting Research

Eastern Markets: Underlying Physical Tightness

Unlike the Western markets, China continues to show signs of physical tightness, supported by declining inventories, elevated import premiums and widening backwardation.

Key indicators:

- SHFE Inventories: Declined by more than 10,000 MT in November, with current stocks below 34,000 MT, indicating tightening exchange availability.
- Import Premiums: Chinese refined copper import premiums remain elevated above $217/MT, reflecting continued demand for imported metal.
- Shanghai Backwardation: The current-month versus next-month spread has widened to nearly RMB 2,000/MT, signalling significant near-term physical tightness.
- Import Arbitrage: The LME-SHFE arbitrage ratio is currently above 1, improving the economics of importing copper into China. Elevated Yangshan premiums further reinforce this demand signal.
- Asian Spot Market: Trafigura has reportedly been aggressively procuring copper across Asia for November-December deliveries, outbidding competitors and pushing regional spot premiums to record highs. This reflects increasing competition for available metal amid Chinese smelters' difficulties in sourcing copper concentrate and scrap.

Additionally, lower Chinese smelting and refining activity could be contributing to supply constraints, while downstream demand continues to provide support.

Overall, declining inventories, elevated premiums, widening backwardation and aggressive spot procurement point towards persistent physical tightness across China and the broader Asian market.

Copper

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Forward Outlook: Gradual Recovery and Accumulation

Our assessment is that Chinese and broader Asian physical demand has provided an important cushion against the broader macroeconomic correction. Without this underlying demand support, copper prices could potentially have corrected much further below the $13,700/MT region.

Looking ahead, the second week of November brings the possibility of changing macro sentiment following the US election outcome. A stabilisation or moderation in the US dollar could provide some relief to metals, particularly after the recent correction.

However, the key indicators to monitor will be whether elevated Chinese import premiums, Shanghai backwardation, favourable import arbitrage conditions and rising Asian spot premiums are sustained. These will help determine whether the current physical tightness translates into continued downstream buying interest.

We believe the recent correction has brought copper to levels where buying interest could gradually re-emerge. While volatility may persist, the resilience of Chinese and Asian physical fundamentals supports a cautiously constructive outlook. We expect copper to gradually stabilise and build an accumulation base at lower levels rather than enter a sustained deeper correction.

Weekly Perspective: Western inventories are rising, but Eastern physical tightness remains

The divergence between financial market sentiment in the West and physical market fundamentals in the East will be crucial in determining copper's next move.

Our bias remains cautiously constructive: Macro pressure may have triggered the correction, but Asian physical supply tightness could provide the foundation for the next recovery.

Expected Weekly Range (USD): $ 13,500–14,000
Bias: Bearish (Short covering likely from closer to the lower range)

Copper Chart

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Lead

Weak Demand Keeps the Market Under Pressure

Lead prices declined across exchanges during the week, although losses remained relatively limited compared with the broader base-metals complex. LME Lead 3M fell 0.94% WoW to $1,886.5/MT, while MCX and SHFE Lead declined 0.38% and 0.65%, respectively. Supply-side constraints provided some support, but weakening battery demand, elevated inventories and deteriorating sentiment continued to weigh on prices.

Base metals remained mixed, with Copper and Zinc declining 2.82% and 2.78%, respectively, while Aluminium gained 0.34% and Nickel advanced 7.65%. Lead's relatively limited decline reflected supply-side resilience rather than improving demand. The Copper/Lead ratio eased from 7.43 to 7.29, indicating relative outperformance. The DXY strengthened 0.31% to 102.28, adding pressure to dollar-denominated metals, while USD/INR declined from 94.94 to 93.91.

Lead Inventory Developments: LME inventories declined by 7,375 MT WoW to 304,000 MT, with cancelled warrants at 69,725 MT, or approximately 23% of total stocks. Although the drawdown offers some support, inventories remain elevated. Moreover, Cash–3M contango widened from $30.08/MT to $32.94/MT, indicating that prompt supply remains relatively comfortable despite falling stocks.

Source: SMM, Bloomberg & Bluglance Consulting Research

In China, SHFE inventories declined from 26,026 MT to 13,458 MT, while social inventories across five regions increased by 2,000 MT to 19,200 MT. This divergence suggests that exchange withdrawals have not translated into a broad-based reduction in market availability.

MCX Lead inventory has been showing zero MT for the past three sessions. Following the delivery-centre revision effective from the November expiry, Lead Mini has also been relabelled as Lead on the MCX website. The inventory readings may be affected by this transition and should be interpreted cautiously.

China Market Developments

- **Primary Lead:** Lead concentrate Treatment Charges weakened further, reflecting persistent feedstock tightness. Primary Lead producer inventories declined by 2,950 MT WoW to 800 MT as of 5 Nov, amid maintenance and additional shutdowns. These constraints continue to support primary supply, although weak downstream procurement is limiting the impact on prices.

- **Secondary Lead:** Operating rates increased by 2.93 percentage points to 39.6%, supported by production resumptions in Henan, Jiangsu and Inner Mongolia. However, scrap battery suppliers remained reluctant to sell following the price rebound, limiting feedstock availability. Improving smelter activity alongside weak consumption creates a mixed supply picture, with the potential for additional refined Lead availability if production resumes further.

Lead

- **Battery Demand:** E-bike Lead-acid battery operating rates declined by 0.96 percentage points to 69.98%, reflecting weaker orders and production adjustments. Revised e-bike certification requirements effective from 1 November have disrupted sales, while seasonal demand is easing with colder weather. These factors are expected to weigh on battery production and Lead consumption through Nov-Dec.

Key Economic Events

- **China CPI and PPI – 9 Nov:** Indicators of domestic demand and industrial activity.
- **US CPI and Core CPI – 10 Nov:** Important for dollar direction and Fed expectations.

Weekly Perspective

Last week, Lead experienced heightened volatility and extended its decline despite some underlying supply-side support. The market is increasingly struggling to sustain gains as weaker Chinese battery demand, seasonal consumption softness and elevated LME inventories outweigh the impact of inventory drawdowns and primary supply constraints. The bearish sentiment is also reflected in SHFE Lead, which traded below ¥16,000/MT during the week. Meanwhile, the widening Cash–3M contango indicates that prompt-market tightness remains insufficient to support a sustained recovery.

Lead is expected to maintain a mildly bearish bias, with prices likely to trade within the $1,870–1,910/MT range. Recovery attempts may remain limited unless physical demand improves or supply constraints intensify.

Expected Weekly Range (USD): $ 1,870–1,910
Bias: Mildly Bearish

Lead Chart

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Nickel

Indonesian Supply Tightening Expectations Support Strong Weekly Gains

Nickel posted a strong recovery during the week, supported by Indonesian supply concerns and declining exchange inventories. However, subdued Chinese downstream demand indicates that the price rally is yet to be supported by a corresponding improvement in physical consumption.

Nickel Outperforms the Broader Base Metals Complex: LME three-month nickel advanced 7.65% WoW to close at $16,385/MT. The recovery was mirrored across other exchanges, with SHFE nickel gaining 6.93% to CNY 123,040/MT, while MCX November nickel rose 6.50% to ₹1,537.90/kg. Nickel's stronger performance relative to other base metals reflected the influence of metal-specific supply developments. This strength came despite a marginal 0.27% rise in the US Dollar Index to 102.279, while the Indian rupee appreciated to ₹93.91/USD, partially cushioning the impact of higher international prices on domestic markets.

Exchange Inventory Declines, but Contango Persists: The price recovery was accompanied by a drawdown across major exchange inventories. LME stocks declined by 6,270 MT WoW to 271,968 MT, while SHFE inventories fell by 798 MT to 105,731 MT. MCX stocks also decreased by 6 MT to 40 MT. However, the LME cancelled-warrant ratio declined from 6.70% to 4.96%, indicating weaker withdrawal intentions.

Source: SMM, Bloomberg & Bluglance Consulting Research

Additionally, LME cash-to-three-month contango widened from $179/MT to $182/MT, while MCX November–December contango remained stable at ₹10/kg. SHFE November–December contango also widened from CNY 310/MT to CNY 320/MT.

Despite the inventory drawdown, the continued contango across exchanges suggests that immediate physical availability remains relatively comfortable, with the current rally reflecting expectations of future supply constraints rather than an established shortage.

Indonesia's Ore Quota Outlook Raises Supply Concerns: Indonesia remained central to the week's supply-side developments. Enforcement action against companies associated with nickel trader Arif Kurniawan on 5 November raised concerns over potential disruptions to mining operations and ore distribution, although the actual impact on production remains unclear.

Separately, the government signalled further reductions in the 2027 RKAB nickel ore quota, taking global oversupply and domestic smelter requirements into consideration. While the final allocation is yet to be announced, the possibility of tighter quotas has strengthened expectations of lower ore availability, potentially constraining smelter output.

Nickel

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India Moves to Build Domestic Nickel Processing Capacity: India approved a ₹2,814-crore critical-mineral processing incentive scheme on 4 November, covering nickel and lithium. The scheme provides capital support for domestic processing facilities, including two nickel plants with a minimum capacity of 50,000 tonnes each and government support of up to ₹900 crore per nickel beneficiary.

The initiative could gradually strengthen India's domestic processing capabilities and reduce dependence on imported intermediates. However, its impact on nickel supply will remain long term, as it involves developing processing capacity rather than adding immediate primary production.

Chinese Stainless Steel and Battery Demand Remains Subdued: Chinese downstream demand remained subdued despite the recovery in nickel prices. In the stainless steel sector, higher futures and NPI prices provided cost-side support, but end-user procurement remained cautious, with limited evidence of a meaningful demand recovery.

According to Mysteel, November nickel sulphate production is forecast to decline by 7.03% MoM to 43,500 tonnes of contained nickel. This forecast indicates continued caution in battery-material procurement. Overall, physical demand has yet to show a corresponding improvement alongside the recent price recovery.

Stronger US Employment Data Limits Easing Expectations: On the macroeconomic front, Friday's US October non-farm payroll report showed an increase of 165K jobs, significantly exceeding market expectations of 65K. The stronger-than-expected employment data indicated continued labour-market resilience and reduced the likelihood of an aggressive near-term monetary easing stance. Nevertheless, nickel continued to advance during the week, highlighting the dominance of supply-side developments over macroeconomic headwinds.

Weekly Perspective

Nickel is expected to retain a bullish bias in the coming week, supported by expectations of tighter Indonesian nickel ore availability and potential constraints on smelter output. The possibility of stricter 2027 RKAB quotas remains a key supporting factor, although the final allocation is yet to be announced.

Subdued Chinese downstream demand and the continued contango structure may restrict the pace of further gains. Market attention will also remain on Indonesian policy developments and upcoming US inflation data. Overall, LME three-month nickel is expected to trade within a range of $15,800–16,500/MT, with the underlying bias remaining positive.

Expected Weekly Range: $ 15,800–16,500
Bias: Bullish

Nickel Chart

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Zinc

Weakening Physical Tightness and Chinese Export Pressure Keep Prices Under Pressure

LME Zinc witnessed significant selling pressure during the week, emerging as the worst-performing metal in the base metals complex. Three-month zinc declined nearly 3% after testing a weekly high of $3,909/tonne, reflecting weakening market sentiment and easing near-term supply tightness. The decline also highlighted zinc's relative underperformance compared with other base metals amid a combination of weaker price momentum and changing physical market dynamics. In contrast, MCX Zinc gained approximately 1.5% over the week, outperforming the international market, supported by domestic market dynamics (including appreciating rupee) and relatively tighter nearby availability in India.

Easing Physical Market Tightness Weakens International Price Support: A significant development during the week was the sharp narrowing of the LME cash-to-three-month backwardation to below $25/tonne. The decline in backwardation indicates a considerable moderation in immediate physical market tightness compared with the previous period, when nearby supply constraints provided stronger support to prices. A narrowing cash premium suggests that the availability of prompt metal has improved relative to forward supply, reducing the urgency among consumers to secure immediate deliveries. This development could weaken the physical market support that had previously helped sustain higher zinc prices.

Source: SMM, Bloomberg & Bluglance Consulting Research

In contrast, the domestic MCX near-month to next-month spread continued to hold a substantial backwardation of approximately ₹18/tonne, indicating relatively tighter nearby availability in the Indian market. The divergence between international and domestic spreads highlights differing physical market conditions, with immediate supply availability appearing more comfortable internationally than in the domestic market. However, the sustainability of domestic strength will depend on whether nearby supply remains constrained and whether international weakness begins to influence local pricing.

Declining LME Inventories Offer Limited Support Amid Moderating Tightness: On the inventory front, LME zinc stocks declined below 146,000 tonnes from their recent high of approximately 168,000 tonnes. The reduction in exchange inventories generally indicates a decline in visible metal availability and can provide underlying support to prices. However, the simultaneous narrowing of cash backwardation suggests that lower headline inventories have not translated into significant immediate physical tightness.

This divergence between inventory movements and the cash-to-three-month spread remains particularly important. While falling stocks indicate a reduction in exchange-held metal, the moderation in backwardation suggests that nearby supply availability has become relatively comfortable. Consequently, inventory drawdowns alone may not be sufficient to trigger a sustained price recovery unless accompanied by renewed tightening in physical market conditions.

Zinc

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Expensive Domestic Zinc and Competitive Chinese Exports Add Pressure: Trade arbitrage dynamics continue to highlight the relatively expensive nature of the domestic zinc market. The MCX-LME cash import parity spread currently stands at approximately $417/tonne, indicating that domestic zinc prices are significantly higher than international import parity levels. Such a wide premium makes fresh imports economically unattractive and reduces the competitiveness of imported metal in the Indian market. However, elevated domestic prices relative to international benchmarks could also leave MCX zinc vulnerable if global prices remain under pressure.

Meanwhile, SHFE zinc trades at a discount of approximately $435/tonne to international markets, keeping Chinese-origin metal relatively competitive in export markets. This favourable export economics could encourage continued shipments from China to ex-China destinations, potentially increasing the availability of Chinese-origin metal in international markets. Additional export flows could limit the recovery in LME prices, particularly at a time when nearby physical tightness has already moderated.

The combination of an expensive domestic market and competitive Chinese export economics creates a contrasting outlook for the two markets. While MCX zinc continues to reflect relatively tighter nearby conditions, international prices may face additional pressure from improving supply availability and competitive Chinese exports.

US Economic Data and Dollar Strength Remain Key Macro Headwinds: Macroeconomic developments will remain an important factor influencing base metals sentiment in the coming week. Stronger-than-expected US nonfarm payroll growth of 165,000 in October, compared with market expectations of approximately 65,000, has reinforced expectations of a 25-basis-point Federal Reserve rate hike in December. Strong employment data could provide the Federal Reserve with greater flexibility to maintain a hawkish monetary policy stance, supporting the US dollar and weighing on dollar-denominated commodities.

Markets will closely monitor US CPI and Core CPI data scheduled for November 10, followed by PPI on November 13. These releases will provide further clarity on inflationary trends and could influence expectations surrounding the Federal Reserve's upcoming policy decisions. A stronger-than-expected inflation reading could further strengthen the dollar and increase pressure on base metals, whereas softer inflation data may provide some relief to commodity markets.

Zinc

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Technical Outlook & Weekly Perspective

From a technical perspective, LME Zinc is expected to trade within the $3,670–3,830 range in the near term. The broader outlook remains sideways to bearish, with selling on rallies preferred as long as prices struggle to sustain higher levels.

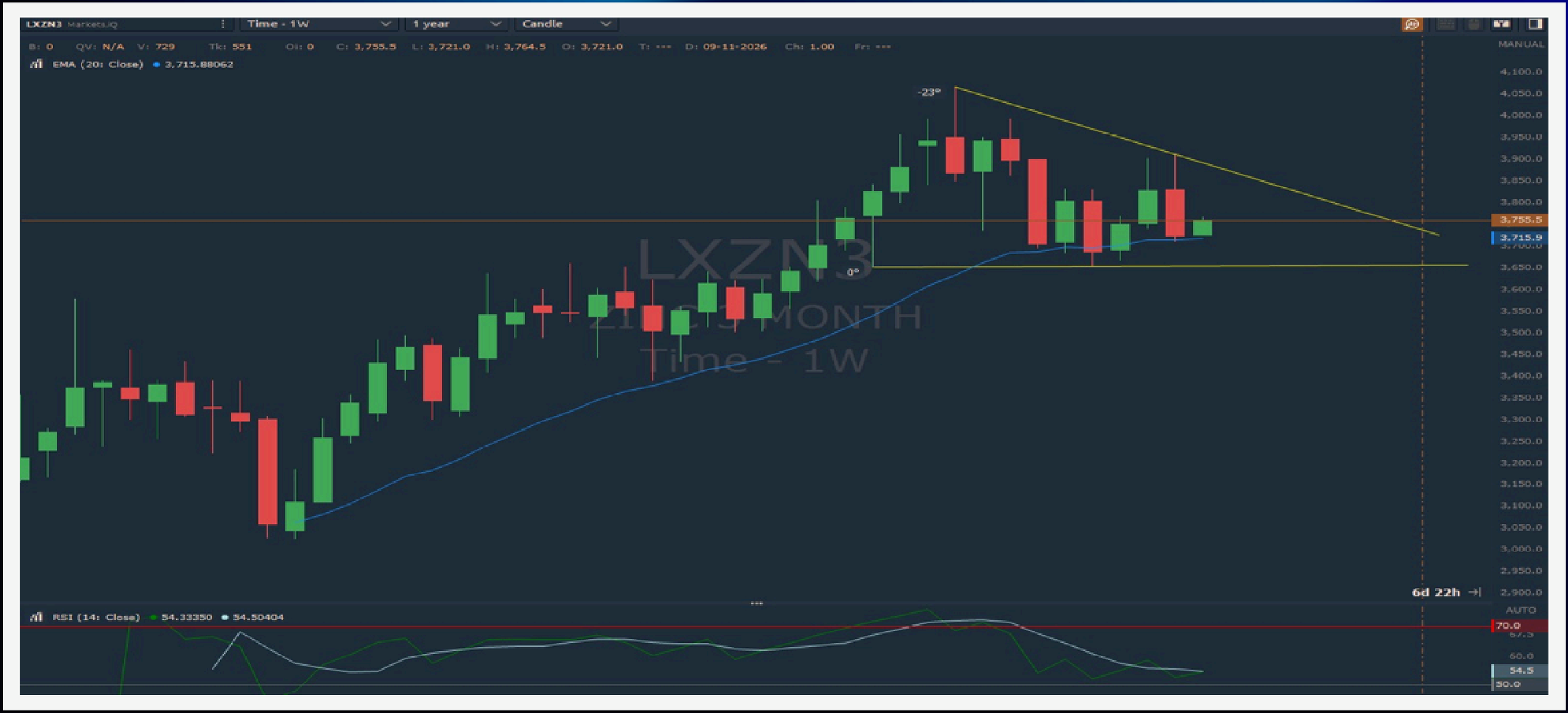
Overall, zinc faces a combination of weakening international price momentum, easing nearby physical tightness and potentially increasing Chinese export competition. Although declining LME inventories and continued domestic backwardation provide some underlying support, the sharp narrowing of LME cash backwardation indicates that immediate supply pressures have moderated considerably.

Additionally, the substantial MCX-LME import parity premium highlights the relatively expensive domestic market, while competitive Chinese export economics could restrict international price recovery. Stronger US employment data and expectations of further monetary tightening add another layer of uncertainty for base metals. Consequently, the weekly outlook remains bearish, with recovery attempts likely to face selling pressure unless physical market tightness re-emerges or macroeconomic conditions turn more supportive.

Expected Weekly Range: $ 3,670–3,830
Bias: Mildly Bearish

Zinc Chart

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