



Weekly Base Metals Insights

10th Aug – 14th Aug 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



Last Week at a Glance

Aluminium

Up 2.35% WoW, Close Price \$3,270/MT; LME backwardation of ~\$3/MT signals tighter ex-China supply, while a weak Chinese Processing PMI (42.2) caps upside.

Copper

Up 1.61% WoW, Close Price \$14,022/MT; cash-3M backwardation near \$150/MT reflected tight Chinese demand, though momentum has since moderated.

Lead

Up 0.27% WoW, Close Price \$1,885/MT; supply tightening in China against still-lagging demand keeps the bias sideways.

Nickel

Down 1.65% WoW, Close Price \$16,975/MT; sizeable contango near \$195.58/MT and LME inventories declining WoW from 266,172 MT to 264,444 MT.

Zinc

Up 1.59% WoW, Close Price \$3,698/MT; Cash-3M spread held in backwardation, narrowing to \$52.24/MT, supply-driven strength after clearing \$3,770 extension, bullish bias.

Key Events

US CPI (Wed, 12 Aug), Jobless Claims (Thu, 13 Aug), and US Retail Sales (Fri, 14 Aug) will be the key drivers of direction for base metals this week.



Economic Calendar



10th Aug - 14th Aug

Mon, 10th Aug

5:20 IST – Japan Trade Balance BoP Basis, Jun (forecast -¥70.2b | previous ¥6.9b)
14:00 IST – EC Sentix Investor Confidence, Aug (forecast -0.5 | previous -3.1)

1

Tue, 11th Aug

17:45 IST – US ADP Weekly Employment Change, 25-Jul (previous 15.000k)
19:30 IST – US Existing Home Sales, Jul (forecast 4.05m | previous 4.09m)

2

Wed, 12th Aug (Most Critical Day)

18:00 IST – US CPI YoY, Jul (forecast 3.40% | previous 3.50%)
18:00 IST – US Core CPI YoY, Jul (forecast 2.50% | previous 2.60%)

3

Thu, 13th Aug

18:00 IST – US PPI MoM, Jul (forecast 0.02% | previous -0.03%)
18:00 IST – US Initial Jobless Claims, 08-Aug (forecast 203k | previous 199k)

4

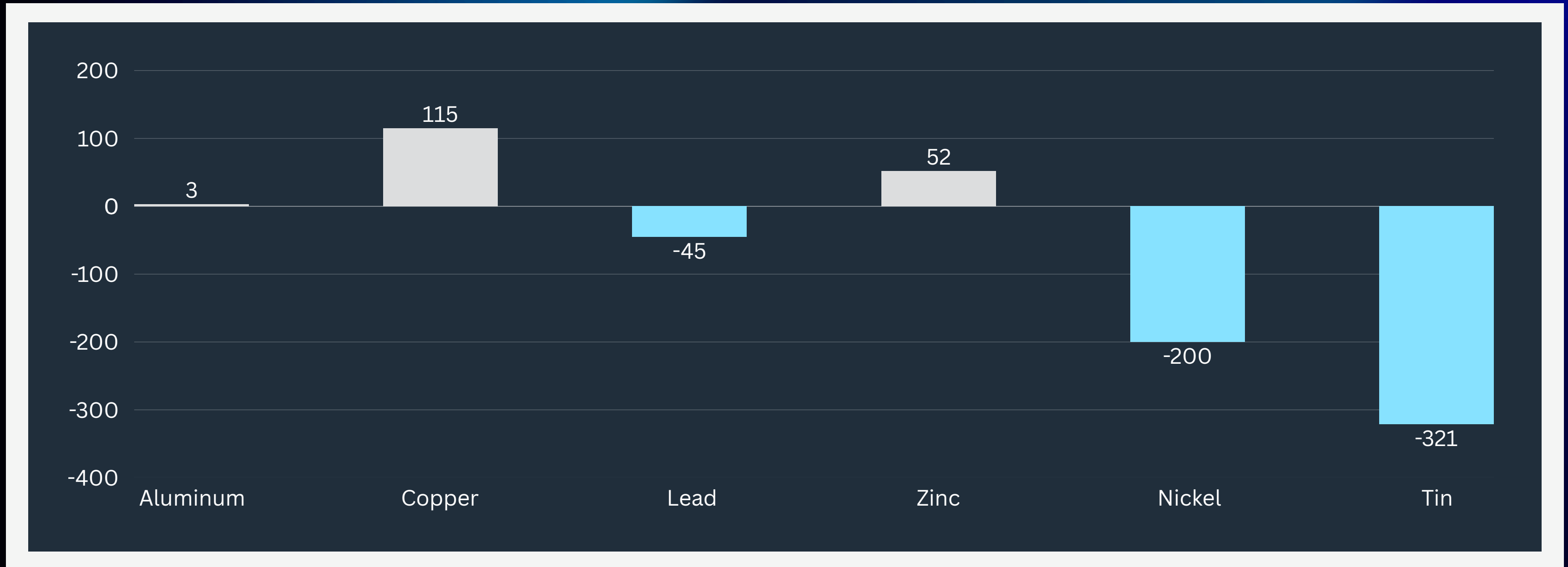
Fri, 14th Aug (Biggest Event of the Week)

18:00 IST – US Retail Sales Advance MoM, Jul (forecast 0.10% | previous 0.20%)
19:30 IST – US U. of Mich. Sentiment, Aug P (forecast 54.6 | previous 55.2)

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 (10th Aug to 14th Aug)

Asset	Weekly Closing (USD)	Expected Weekly Range (USD)	Directional View
Dollar Index (DXY)	99.6	99.00 – 100.50	Sideways
Copper	14,022	13,750 – 14,370 (<i>extension: 14,550</i>)	Bullish
Aluminium	3,270	3,180 – 3,350	Bullish
Lead	1,885	1,860 – 1,913 (<i>extension: 1,930</i>)	Sideways
Zinc	3,698	3,630 – 3,800 (<i>extension: 3,860</i>)	Bullish
Nickel	16,975	16,700 – 17,300	Sideways

Performance Snapshot: All Metals



Asset	Aug 7, 2026	Jul 31, 2026	WoW %	YTD %
Dollar Index (DXY)	99.6	99.8	-0.20%	1.34%
Copper	14,022.00	13,800.00	1.61%	12.33%
Aluminium	3,270.00	3,195.00	2.35%	9.11%
Lead	1,885.00	1,880.00	0.27%	-6.01%
Zinc	3,698.00	3,640.00	1.59%	18.30%
Nickel	16,975.00	17,250.00	-1.59%	1.34%

Price Action & Macro

LME Aluminium 3M Forward closed last week at \$3,270/MT, up 2.35% WoW, while SHFE 1st-2nd month futures settled at RMB 23,920/MT (+1.25%) and MCX August futures at ₹350.55/kg (+2.76% WoW). The move was driven by broad risk-on sentiment across base metals, precious metals and equities, supported by a weaker US Dollar.

The mid-week ADP employment reading was a crucial early indicator, with weaker-than-expected private payrolls reinforcing expectations of a soft NFP. The subsequent NFP confirmed the weaker labour-market trend, with US payrolls declining by 23K, strengthening expectations of a more dovish Fed outlook and weighing on the Dollar, thereby supporting metals. US CPI will be the key macro focus this week, with the outcome likely to influence Fed rate-cut expectations and the Dollar.

The LME cash-3M backwardation narrowed to around \$3/MT, while the SHFE 1st-2nd month contango narrowed to approximately RMB 20/MT, indicating nearby tightness has moderated from earlier extremes, though structures remain relatively firm.

Fundamental Outlook & Inventories

The underlying aluminium fundamentals remain constructive. Aluminium Bahrain (Alba) reported that global demand increased approximately 1% YoY in Q2 2026, supported by automotive, renewable energy, infrastructure, power transmission and AI/data-centre investment. At the same time, global supply contracted around 1% YoY, primarily due to production disruptions in the Middle East. Alba estimates the global market deficit at approximately 934 kMT including China and 626 kMT excluding China, highlighting a relatively tight global balance. Exchange inventories also remain supportive, with combined stocks across the four major exchanges falling to approximately 694,131 MT.

Chinese inventories declined by around 13,003 MT, while LME stocks continued to fall. However, LME cancelled warrants remain below 5%, suggesting that immediate physical tightness, while supportive, has not translated into a significant wave of stock withdrawals. Separately, Iran-US tensions and uncertainty around the Strait of Hormuz continue to create risks for energy, freight and aluminium supply chains, and any escalation could further tighten availability and increase the risk premium.



China Demand & Downstream Activity

Chinese industrial activity has moderated, although exports remain resilient. The July aluminium processing PMI stood at 42.2, well below the 50 neutral level, indicating contraction in downstream activity amid seasonal weakness and softer traditional end-use demand.

The broader downstream operating rate stood at around 60.1%, down 0.2 percentage points WoW, highlighting moderation in fabrication activity.

However, PV, NEV and power-related demand remained relatively resilient, providing some offset to weakness in traditional construction-related sectors. China's production, exports and downstream processing rates will remain critical in determining whether additional Chinese supply can offset disruptions elsewhere.

Source: SMM

Outlook

The combination of falling inventories, a reported global deficit, resilient structural demand, Middle East supply disruptions and a weaker Dollar keeps the fundamental outlook positive. Chinese downstream demand remains a key variable, with the 60.1% operating rate and 42.2 processing PMI highlighting near-term softness, although resilient PV, NEV and power-related demand provides support. Technically, aluminium remains constructive above \$3,200/MT, with \$3,300–3,350/MT as the next upside zone, while a break below \$3,200 could trigger consolidation towards \$3,150–3,180/MT.

The key catalysts this week are US CPI, USD direction, Chinese demand/production, downstream processing rates, exchange inventories, LME/SHFE spreads and Strait of Hormuz developments.

Exected Weekly Range: 3,180 – 3,350

Bias: Bullish



Aluminum Chart



Price Action & Market Structure

LME Copper 3M Forward closed last week at \$14,078/MT (Monday morning level), down from highs above \$14,350/MT seen earlier in the week, as the market witnessed healthy profit-taking following a sharp rally. Cash copper had moved into a backwardation of nearly \$150/MT during the rally, pushing cash prices close to \$14,500/MT, but the cash-to-three-month backwardation has since narrowed to approximately \$100/MT.

The broader trend remains constructive, but the coming week is unlikely to see the same linear bullish move as the previous two, with volatility expected to increase as the strongest bullish indicators begin to moderate.

Fundamentals & Macro

The rally had been supported by strong Chinese import demand, rising Yangshan premiums near \$130/MT, continued withdrawals from LME warehouses, declining SHFE inventories, and persistent backwardation across both LME and SHFE, collectively reflecting tight physical availability and strong sentiment.

A weaker US Dollar Index added further support last week after softer US employment data, but this week's economic calendar is relatively light, and upcoming inflation-related releases are unlikely to significantly alter Dollar direction, meaning macro support for copper appears less influential than it was recently.



Spread Watch

On the domestic front, MCX copper continues to trade in contango, though spreads have narrowed considerably over recent weeks. This contrasts with LME and SHFE, which remain in backwardation, while COMEX continues to reflect a mild contango due to abundant exchange inventories.

MCX also remains at a discount to LME parity, any significant withdrawal of domestic inventories could tighten the market and potentially shift MCX spreads towards backwardation. Time spreads across MCX, LME, COMEX and SHFE remain an important indicator to monitor.

Outlook

Copper's bullish structure remains intact, but the market appears to be transitioning from a momentum-driven rally to a more balanced phase. Demand above \$14,000/MT remains a key consideration, and a period of consolidation or correction could help revive downstream buying interest. We expect copper to trade within a broad range of \$13,750–13,800/MT on the downside and \$14,700/MT on the upside in the near term. Any move below \$14,000/MT should be viewed as an attractive accumulation opportunity for consumers.

While the longer-term objective of \$15,000/MT remains achievable during August–September, the path is unlikely to be immediate, with key upside levels to monitor at \$14,350/MT, \$14,500/MT and \$14,750/MT.

Expected Weekly Range: 13,750 – 14,370 (extension: 14,550)
Bias: Bullish (moderating momentum)

Copper Chart



Price Action & Inventory

LME Lead 3M Forward closed last week at \$1,885/MT, and traded between a low of \$1,858.5 (3 Aug) and a high of \$1,907.5 (5 Aug), closing the week at \$1,885/MT, up 0.27% WoW, up 0.40% MoM, but down 5.86% YTD. The Cash-3M spread widened from around -\$44.06/MT early in the week to a peak of -\$47.89/MT mid-week, before narrowing back to -\$44.59/MT by Friday. LME warehouse stocks declined sharply, with closing stock falling 13,875 MT over the week to 424,575 MT, as outflows accelerated to 3,850 MT. The cancelled warrant ratio eased slightly to 0.15 from 0.17.

China Demand

Chinese smelters are producing less lead right now. The secondary lead operating rate fell to 27.4%, with several smelters in Jiangsu, Inner Mongolia and Anhui shut down, while primary lead output also slipped to 66.46% due to maintenance in Hunan, a supportive factor for prices. On the demand side, lead-acid battery makers picked up the pace, with operating rates rising to 61.15% as the industry heads into its seasonal peak.

China's domestic spot lead price fell to its lowest level since late June 2023, but instead of selling into weakness, Chinese smelters held back, flipping spot lead from a discount to a premium, a strong signal of tightening supply even as end-user demand hasn't fully caught up. One smelter in east China has also shut down entirely for three months. **(Source: SMM)**

Macro Watch

Following last week's weak Nonfarm Payrolls, the Dollar Index is trading around 99.66 as markets head into a data-heavy week. Wednesday (12 Aug) brings US CPI, forecast to ease to 3.4% YoY, a softer reading would weaken the Dollar further and support Lead. Thursday brings Jobless Claims, and Friday closes with Retail Sales, both relevant to the broader base metals outlook. With the Dollar Index remaining bearish below 100.40, continued soft data could extend the tailwind for Lead.

On positioning, fund longs rose slightly to 38,947 tonnes while shorts eased to 57,207 tonnes last week as prices recovered to \$1,900 from a low of \$1,854. The market remains firmly net short on a YTD basis despite the bounce, and the next COTR update, due this Wednesday, will show whether funds continue trimming shorts.

Outlook: Lead traded largely within our projected range last week, holding a low of \$1,858.5 and touching a high of \$1,907.5, before closing at \$1,885/MT, comfortably inside our expected band. Lead has built a solid base around \$1,850-1,872/MT on a weekly closing basis, with the recent recovery toward \$1,910-1,913/MT pointing to improving buying interest. A sustained move above \$1,892.5-1,893/MT this week would confirm stronger upside momentum, opening the way toward \$1,913-1,930/MT. | **Bias: Sideways.**

Lead Chart



Price Action & Inventory

LME Nickel 3M forwards closed last week at \$16,975/MT, down 1.65%, as the possibility of additional Indonesian 2026 RKAB allocations challenged the earlier supply-tightness narrative.

The Cash-3M spread remained in a sizeable contango of around \$195.58/MT, while LME inventories declined marginally from 266,172 MT to 264,444 MT, providing limited support.

Supply & Battery Demand

Indonesia's initial 2026 nickel ore quota was around 260-270 million wmt, significantly below approximately 379 million wmt in 2025. The possibility of an additional allocation of around 25 million wmt has raised expectations of improved ore availability and higher smelter utilisation, weakening the earlier supply-tightness narrative. On the demand side, nickel sulphate prices are likely to remain under pressure as spot demand from downstream battery precursor producers stays weak, with buyers largely relying on long-term contracts. Tight MHP availability and elevated input costs are limiting the downside, but low spot buying interest and weak price acceptance are capping upside momentum.

China Nickel Sulphate Production

China's July nickel sulphate production stood at around 233,600 tonnes, equivalent to approximately 51,400 tonnes of nickel metal, down 0.4% MoM. Production was mainly based on MHP at 49.1% and nickel matte at 39.48%, while recycled nickel accounted for 9.86% and NPI 1.56%. Around 11,200 tonnes of nickel metal were used for nickel plate production.

August production is projected at around 52,700 tonnes of nickel metal, up 2.63% MoM, supported by seasonal recovery in new-energy procurement and production restarts after maintenance, though the rising share of LFP batteries over ternary cathode materials limits potential for a sustained recovery in nickel sulphate demand.

Outlook: Nickel fundamentals remain mixed with a mild bearish bias. Potential improvement in Indonesian ore availability and weak battery-sector spot demand are weighing on sentiment, while tight MHP availability and elevated production costs are providing some downside support. Expected Weekly Range: USD 16,700-17,300/MT. | **Bias: Sideways.**

Nickel Chart



Price Action & Inventory

LME Zinc 3M Forward closed last week at \$3,698/MT while surged to a high of \$3,803/MT on 6th Aug before easing back to close at \$3,698/MT, up 1.59% WoW. The week's move traced a low of \$3,618 (3 Aug), with Zinc LME 3-Month trading around \$3,709.5/MT as of Monday morning, holding above Friday's low. Zinc Cash also touched a high of \$3,863.67/MT on Friday (7 Aug). The Cash-3M spread narrowed steadily through the week, from around \$65.63/MT early on to \$52.24/MT by Friday, remaining in backwardation throughout.

The SHFE C1-C2 spread widened from -\$20 to -\$80 mid-week before narrowing back to -\$10 by Friday, also holding in backwardation. LME warehouse stocks declined over the week, with closing stock falling 2,750 MT to 97,075 MT, the lowest level since December and down 9.80% YTD from 107,625 MT at end-2025. The cancelled warrant ratio eased to 0.23 from 0.26.

Chinese Market: Supply & Demand

Chinese zinc supply is genuinely tightening, the core reason behind Zinc's breakout to multi-year highs. Heavy rainfall and flooding have disrupted mining and smelting activity, with a Southwest China mine and a Central China smelter's maintenance together cutting output by 2,000–2,500 tonnes in August. Even as smelters ramp back up, they're competing for a shrinking pool of concentrate, pushing processing fees (TCs) lower again this month.

On the demand side, Shanghai spot premiums firmed early on, but downstream buyers pulled back sharply as prices climbed, a sign the rally has been supply-led rather than demand-confirmed. Global producers echo the same tightness, Glencore's output fell 21% YoY in H1 2026 and Boliden's dropped 16.8% QoQ, pointing to a broader mine-supply deficit likely to keep prices supported.



Macro Watch

The Dollar Index is trading around 99.71 after last week's weak Nonfarm Payrolls dragged it to lows near 99. Wednesday brings US CPI, forecast to ease to 3.4% YoY, a softer print would weaken the Dollar and support Zinc, while Jobless Claims (Thursday) and Retail Sales (Friday) round out the week's data. With the Dollar bearish below 100.40, continued soft data could extend the tailwind for Zinc.

On positioning, fund longs rose to 103,388 tonnes while shorts eased to 54,352 tonnes last week, keeping the market firmly net long on a YTD basis. This data predates the rally to \$3,863.67 and the pullback that followed, so Wednesday's COTR update will show whether funds extended length into the peak or began trimming.

Outlook

Zinc outperformed our projected range last week, clearing the \$3,770 extension, touching a high of \$3,803/MT before closing at \$3,698/MT. A sustained move above \$3,800/MT this week would confirm continuation of the bullish trend, opening the way toward \$3,860/MT and beyond.

With price action likely to be less volatile than last week, the focus shifts to whether Zinc can consolidate its gains and build a fresh base for the next leg higher.

Expected Weekly Range: USD 3,630–3,800/MT
(extension to \$3,860/MT).

Bias: Bullish.

Zinc Chart



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