



Weekly Base Metals Insights

27th July – 31st July 2026

Bluglance Consulting Pvt. Ltd.

Commodity Market Intelligence



This Week at a Glance

Aluminium

Down 0.16% WoW, Close Price \$3,165/MT; SHFE also range-bound, tight physical supply offsetting demand concerns.

Copper

Up 0.60% WoW, Close Price \$13,611/MT; strong Chinese demand and declining SHFE inventories keep prices supported.

Lead

Down 0.05% WoW, Close Price \$1,885.5/MT; Cancelled warrant ratio jumped to 18%, improving physical withdrawal activity, positive bias.

Nickel

Up 1.5% WoW, Close Price \$17,310/MT; Near one-month high on tighter Indonesian ore supply and continued inventory drawdowns.

Zinc

Up 1.69% WoW, Close Price \$3,587.5/MT; Strongest LME backwardation in months, though Chinese demand remains price-sensitive.

Key Events

FOMC Rate Decision (29th Jul, 23:30 IST) and China's Manufacturing PMI (31st Jul) will be the key drivers of direction for base metals this week.



Economic Calendar



27th July to 31st July

Mon, 27th Jul

07:00 IST – China Industrial Profits YoY (Jun, previous 21.10%)
18:00 IST – US Durable Goods Orders (Jun P, forecast 1.80% | previous -4.50%)

1

Tue, 28th Jul

16:00 IST – India Industrial Production YoY (Jun, forecast 6.00% | previous 5.10%)
19:30 IST – US Conf. Board Consumer Confidence (Jul, forecast 92.2 | previous 91.2)

2

Wed, 29th Jul (Most Critical Event)

23:30 IST – FOMC Rate Decision (29-Jul, forecast 3.75%/3.50% | previous unchanged)

3

Thu, 30th Jul (Key Data Day)

18:00 IST – US PCE Price Index YoY (Jun, forecast 3.70% | previous 4.10%)
18:00 IST – US GDP Annualized QoQ (2Q A, forecast 2.10% | previous 2.10%)

4

Fri, 31st Jul

07:00 IST – China Manufacturing PMI (Jul, forecast 50 | previous 50.3)
14:30 IST – EC CPI YoY (Jul P, forecast 2.90% | previous 2.80%)

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 Copper, Aluminium, 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.

Price Action & Spreads

LME Aluminium 3M Forward closed the week at USD 3,165/mt, down 0.16% WoW, traded within a range of USD 3,120–3,213/mt, while SHFE settled at 23,180 yuan/mt, down 0.41% WoW. The LME Cash–3M spread remained in backwardation of USD 11/mt, reflecting tight nearby physical availability, while SHFE's 1st–2nd month spread stayed in contango of 20 yuan/mt, suggesting comfortable domestic Chinese supply and limiting local upside.

Inventory & Positioning

Cumulative LME aluminium inventories declined 28,375 mt week-on-week to 729,371 mt, with most of the reduction from SHFE, highlighting continued tightening of exchange-tracked supply. Investment funds remain structurally bullish, holding a net long position of 130,959 contracts, continuing to provide speculative support despite some moderation from earlier peaks.

Fundamentals & Macro

Guinea's bauxite exports hit a record 114.8 Mt in H1 2026, up 15% YoY, with over 70% destined for China, easing raw material supply concerns after fears of an export cap failed to materialise. China's alumina imports surged nearly 750% YoY to 2.28 Mt, with Australia supplying 72% of the total, improving smelter feedstock availability. The Dollar Index trades near 101.20 while Brent has eased to around \$68/bbl following the US pause on Iran strikes. This week's Fed decision (29 Jul), US Q2 GDP & Core PCE (30 Jul), and China Manufacturing PMI (31 Jul, forecast 49.9) will be key macro watches.

Outlook: LME aluminium continues to trade below its 20-day EMA at USD 3,190/mt, indicating cautious short-term momentum, though prices continue to consolidate within an ascending triangle pattern, suggesting buying interest is gradually absorbing selling pressure. A sustained breakout above USD 3,213–3,220/mt could trigger fresh momentum buying toward USD 3,300–3,380/mt, while failure to break higher may keep prices supported around USD 3,000–3,050/mt. Tightening inventories and continued physical backwardation remain supportive, although improving raw material availability and macro uncertainties may cap gains near-term. | **Short term Range: USD \$3,000–3,380 Bias: Sideways.**

Aluminum Chart



Price Action & Inventory

LME Copper settled last week at \$13,611.5/mt, holding firm as US-Iran tensions eased over the weekend, though the market lacked momentum to sustain a breakout higher. Copper remains in a consolidation phase, with the ongoing decline in LME inventories and tightening availability outside the US continuing to prevent aggressive downside moves even near historically elevated levels. **Regionally, cancelled warrants remain concentrated in Asian LME warehouses at 56% versus 38% in the Americas (as of 22 July, 2026).**

Chinese Demand & Import Market

Chinese spot availability remains limited, with Shanghai premiums recovering towards 300 yuan/mt as lower-priced cargoes are quickly absorbed. Downstream consumers have gradually returned following the recent correction, with end-users showing buying interest around 104,500 yuan/mt, a selective but genuine recovery. Imported copper premiums stay elevated, with warrant premiums near \$113/mt and the Yangshan premium above \$100/mt, reinforcing healthy import demand into China.

Scrap Market & Macro Watch

The secondary copper market was comparatively weaker, with scrap traders delivering against earlier short positions and rod producers holding comfortable inventories, reducing procurement urgency. The ICSG's latest assessment shows the global refined copper market in a 221,000-tonne surplus for January–May 2026, as refined production growth outpaced demand despite mine supply disruptions in Chile, Indonesia and the DRC. **BHP expects Escondida's copper output to fall to 1.00–1.10 million tonnes in FY2027 as ore grades decline to around 0.70%, reinforcing concerns that deteriorating ore quality in Chile could tighten global mine supply over the coming years.**

Outlook: Copper continues to derive support from low inventories, firm spot premiums and improving physical buying interest after the recent pullback. At the same time, the absence of strong fresh demand near the \$14,000/mt region is limiting upside momentum. Unless a new supply disruption or demand catalyst emerges, copper is likely to remain in a consolidative range between \$13,500 and \$14,000/mt, with a slight upward bias supported by tight physical market conditions. **| Range: USD 13,500–14,000/MT. Bias: Positive.**

Copper Chart



Price Action & Inventory

LME 3-Month Lead closed flat last week at \$1885/Mt, traded within a USD 47/MT range between \$1,863 and \$1,910.

LME inventories declined 3,225 MT WoW to 448,850 MT, while cancelled warrants surged 27,750 MT to 79,675 MT, lifting the cancelled warrant ratio sharply from 11% to 18%, concentrated largely in the Singapore warehouse. The Cash-3M spread narrowed from around -\$44.68/MT to -\$34.37/MT, indicating stronger physical withdrawal activity, though it remains in contango. SHFE inventories also declined, down 3,566 MT to 65,180 MT.

Demand & Supply Fundamentals

While LME physical indicators strengthened during the week, conditions in the Chinese market remained relatively subdued. Downstream lead-acid battery manufacturers continued to operate cautiously amid seasonal high-temperature shutdowns and weak end-user demand, keeping raw material procurement largely on a just-in-time basis.

At the same time, recovering primary smelter production and higher in-factory inventories maintained comfortable spot supply, suggesting the recovery in Lead demand remains uneven across regions.



Macro Watch

Crude prices fell sharply and the Dollar softened as US-Iran tensions eased, lifting broader risk appetite. All eyes turn to Wednesday's Fed decision, where rates are expected to hold, with the accompanying statement watched closely for signals on the pace of future cuts. Thursday's PCE, Q2 GDP, and Jobless Claims data will add further texture, while China's Industrial Profits ticked down marginally to 18.7%, with Manufacturing and Non-Manufacturing PMIs due Friday.

Even so, Lead's own inventory and spread dynamics are likely to matter more than the macro headlines this week.

Outlook

Lead is expected to trade with a positive bias this week as improving physical market indicators, including lower LME inventories, higher cancelled warrants, and a firmer Cash-3M spread, continue to provide underlying support. Although Lead has lagged the broader base metals complex in early trading, it is expected to catch up during the week. Recent price action suggests key support levels have remained intact, with prices reversing quickly after testing these levels.

Range: USD 1,865–1,920/MT. Bias: Positive.

Lead Chart



Price Action

LME Nickel 3M Forward closed the week at USD 17,310/mt, up 1.55% WoW, extending its recovery and reaching a near one-month high. The rally was driven by expectations of tighter Indonesian ore supply, concerns over sulfur availability due to Middle East tensions, and continued LME inventory drawdowns, all strengthening market sentiment despite broader macro uncertainty.

Inventory Watch

LME nickel inventories declined from 274,284 mt to 267,342 mt, a drawdown of 6,942 mt, or -2.53% WoW, marking another week of continuous destocking and signalling improving physical market tightness. Although total inventories remain historically high, the sustained decline is supportive for prices and strengthens the outlook for further recovery if the destocking trend continues.

Fundamentals & Macro

Nickel continues to find support from Indonesia's export control policy, which could tighten future ore availability for global smelters, while US-Iran tensions pose risks to sulfur supplies through the Strait of Hormuz, a key input in nickel processing; any prolonged disruption could raise production costs and tighten refined supply. Markets largely expect the Fed to hold rates unchanged in July, easing pressure on industrial metals. This week's Fed decision (29 Jul), US Q2 GDP & Core PCE (30 Jul), and China's Manufacturing PMI (31 Jul) will be key macro watches, alongside continued monitoring of Indonesia's RKAB quota policy.

Outlook: Continued LME inventory drawdowns and supply-side risks from Indonesia and sulfur availability remain supportive for prices, while historically high exchange inventories may limit the pace of further gains. Overall, nickel is expected to trade within a USD 16,800–17,700/mt range this week, with a mildly bullish bias. **| Range: USD 16,800–17,700/mt. Bias: Mildly Bullish.**

Nickel Chart



Price Action

LME 3-Month Zinc closed at \$3,587.5/MT last week following a broad range between a high of \$3,620/MT and a low of \$3,515/MT. The Cash-3M spread widened from around +\$22/MT to nearly +\$50/MT, marking the strongest backwardation in recent months and highlighting increasing tightness in prompt metal availability.

LME zinc inventories declined approximately 3,350 MT to 105,800 MT, extending the ongoing drawdown, with physical fundamentals tightening more noticeably internationally than in China, reinforcing LME Zinc's recent outperformance over SHFE.

Supply Watch & China Demand

SHFE inventories declined around 1,234 MT to 150,567 MT, though the SHFE nearby spread remained in contango, widening from around -20 to nearly -50 yuan/MT, suggesting domestic supply stays comfortable and immediate buying interest hasn't strengthened significantly. Market attention now shifts to August TC settlements between Chinese mines and smelters, with weak import economics and low treatment charges continuing to discourage spot imports. Chinese downstream demand remained price-sensitive, improving when prices softened but easing as they recovered, indicating end-user demand hasn't yet strengthened enough to support a sustained rally.

(Source: SMM)



Macro Watch

Easing US-Iran tensions weighed on crude and the Dollar, improving risk sentiment, with markets now focused on the Fed's policy decision alongside key US data including the PCE Price Index, Q2 GDP, and Initial Jobless Claims. China's June Industrial Profits eased slightly to 18.7% from 18.8%. This week's Fed decision (29 Jul), US PCE & Q2 GDP (30 Jul), and China's Manufacturing and Non-Manufacturing PMIs (31 Jul) will be key macro watches, though zinc is expected to remain primarily driven by exchange inventories, Cash-3M spreads, and Chinese downstream demand rather than macro alone.

Outlook

Zinc is expected to consolidate within the USD 3,500–3,660/MT range as the market balances tightening international physical fundamentals against still-cautious Chinese demand and a heavy macroeconomic calendar. While stronger backwardation and declining LME inventories continue to provide underlying support, sustained upside is likely to require either a decisive improvement in Chinese consumption or **a breakout above USD 3,660/MT, which could open the way towards USD 3,700/MT.**

Range: USD 3,500–3,660/MT.

Bias: Sideways.

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

