Metal firms may see choppy prices amid global uncertainties

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A string of geo-political events have sent the global commodity market into a tizzy, with uncertainties looming over demand-supply and price forecasts.

Amid this, India's metal industry is expected to have steady supplies, but choppy price realisations, say industry executives and analysts.

With multiple countries announcing import tariffs, focusing on increasing domestic production or planning export ban on ores, raw material security and price forecasts take centre stage for Indian metal makers.

Brokerage firm JP Morgan expects the global deficit in refined copper to grow to 160,000 metric tonnes in 2026, reported news agencies this month. However, domestic industry sources expect this deficit to play out differently in the Indian context.

Analysts with India Ratings, in a media call on Tuesday, said they expect India's copper deficit to reduce with a new firm — Adani's Kutch Copper — starting operations in the last financial year.

As India's copper consumption outstrips domestic production, India is an importer of refined copper. Further, a significant part of India's refined copper output is dependent on raw material import of copper concentrates. The global deficit, however, is not expected to hit these supplies.

"Indian copper makers have their raw material sourcing tied up through long-term contracts," said a source from the industry, adding that these contracts are of three-five years in tenure.

Not ores, but India's scrap imports — both for copper and aluminium — are likely to feel the geopolitical heat. The source added, "It is the copper scrap supply that is dwindling (for India through imports), as more countries want to secure it for their own needs."

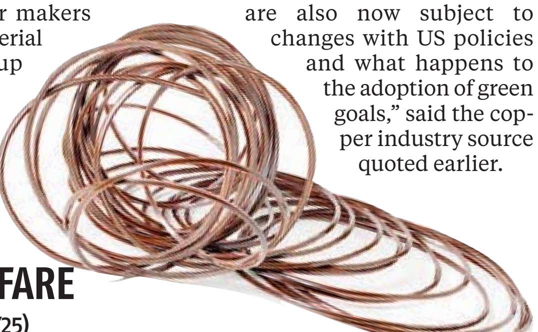
JP Morgan predicts the global aluminium deficit to exceed 600,000 tonnes in 2025, according to news reports. Those at CRISIL, in a press statement last week, said that after the USs 25 per cent tariff kicks in, it will increase US domestic consumption of aluminium scrap. It will impact the 26 per cent aluminium scrap of Indian imports, which is from the US.

The impact is already showing. On Monday, BigMint, a commodity market intelligence firm, noted that aluminium tense scrap ex-Delhi stood at ₹184,000/tonne, while it was ₹185,000/tonnes ex-Chennai. Both the cities witnessed a rise of ₹4,000/tonnes on a week-on-week basis.

In February, news reports said the Philippines government was considering an export ban on ores, which could include nickel. India's stainless makers are big importers of nickel, a key raw material. They stand to be affected.

There is a word of caution on most global deficits, and hence, related price realisation forecasts.

"These factors will remain choppy as there are many moving parts concerning Trump and the US policies. Demand and deficit forecasts are also now subject to changes with US policies and what happens to the adoption of green goals," said the copper industry source quoted earlier.



HOW THEY FARE

In kilo tonnes (Q3FY25)

	Production	Usage	Deficit
Domestic aluminium	616	1,403	Met through scraps and imports
Domestic refined copper	156	206	Met through imports

Source: Hindalco Industries Investor Presentation