Commodity Idea

November 27, 2025

Index

Copper

Copper is the next Gold

Summary

- Global copper smelting activity fell 15.1% in October, on a decline in Chinese smelting activities; global refined output to slow down 1.5-2% in two years.
- China to strictly curb smelting capacity additions; 2 MT of capacity to be affected.
- Global surplus shrunk to 94 KT during January-September 2025, vs 310 KT a year ago. Negative TC/RCs imply that production takes place at a loss, which is unsustainable.
- Copper prices are to gain further in 2026 on tightening supply, widening market deficits, and mining disruptions.

Our Call:

Buy LME Copper at $10945. MCX Dec at Rs 1020.
Target $12000/12800 Timeframe one year.

Key Rationale

Mining output to plunge

Global copper mining output increased ~2% in 9M2025, yet production faces headwinds from a 35% fall in Indonesian mining output. This was due to – 1) Lower output at Batu Hijau and 2) A major maintenance project earlier in the year and 3) Suspension of mining activities following a severe mud rush incident that occurred on September 8 (Grasberg represented 8.3% of world copper concentrate output in 2024).

China limits refining capacity

Global refining capacities were led by China & DRC in first 9 months of 2025, where output to have increased by a combined 9.4% (China +9.6% and DRC +8.2%) representing 57% of the global production.

Yet, smelting activity suddenly fell in October by 15.1% as Chinese smelting inactivity jumped by 6.9% to 13.8%, the largest in a single month since April 2024. China will strictly curb smelting capacity additions, also halting unregulated capacities. This affects ~2 million tons of capacity.

New Age Tech to led the demand

The surge in EV adoption, alongside other electrification trends like renewables and data centres, is intensifying demand for copper—a critical material for batteries, wiring, and motors. The “new-age technology” sector (primarily EVs, solar, wind, and grid infrastructure) currently accounts for approximately 3 million tons of annual copper demand globally. This segment is poised for accelerated growth, with incremental demand expected to expand at a 12-13% compound annual growth rate (CAGR) through 2035, outpacing traditional sectors.

China lead the EV race

The global EV sales have reached approximately 18.9 million units, reflecting a 23% year-over-year growth. China remains the undisputed leader, accounting for about 60% of global EV sales in 2025. Through the first 10 months of the year, China recorded 11.3 million EV units sold, a remarkable 28% increase year-over-year.

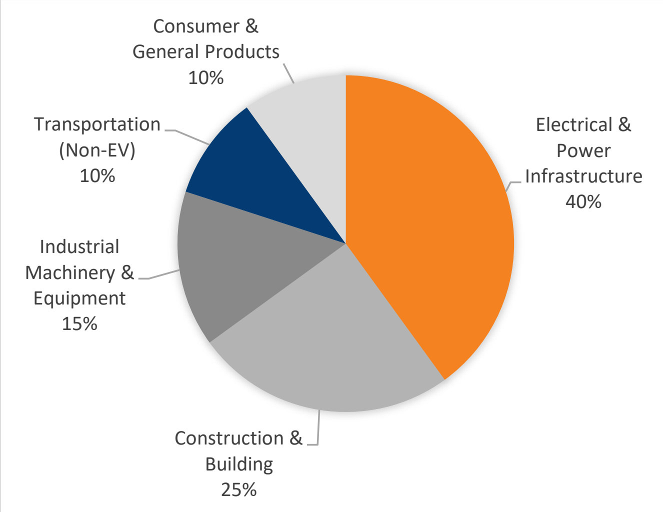
Key demand drivers

Technology	Metal Intensity vs. Traditional	2026 Demand Impact	Primary Metals
EVs	4x (80 kg copper/EV vs. 20 kg ICE)	+1.5 Mt copper	Copper, Aluminium
Solar PV	3–4x (aluminium frames, silver)	+0.8 Mt aluminium	Aluminium, Silver
AI/Data Centers	5x (copper cooling, zinc alloys)	+0.6 Mt copper	Copper, Zinc

Source: Mirae Asset Sharekhan Research

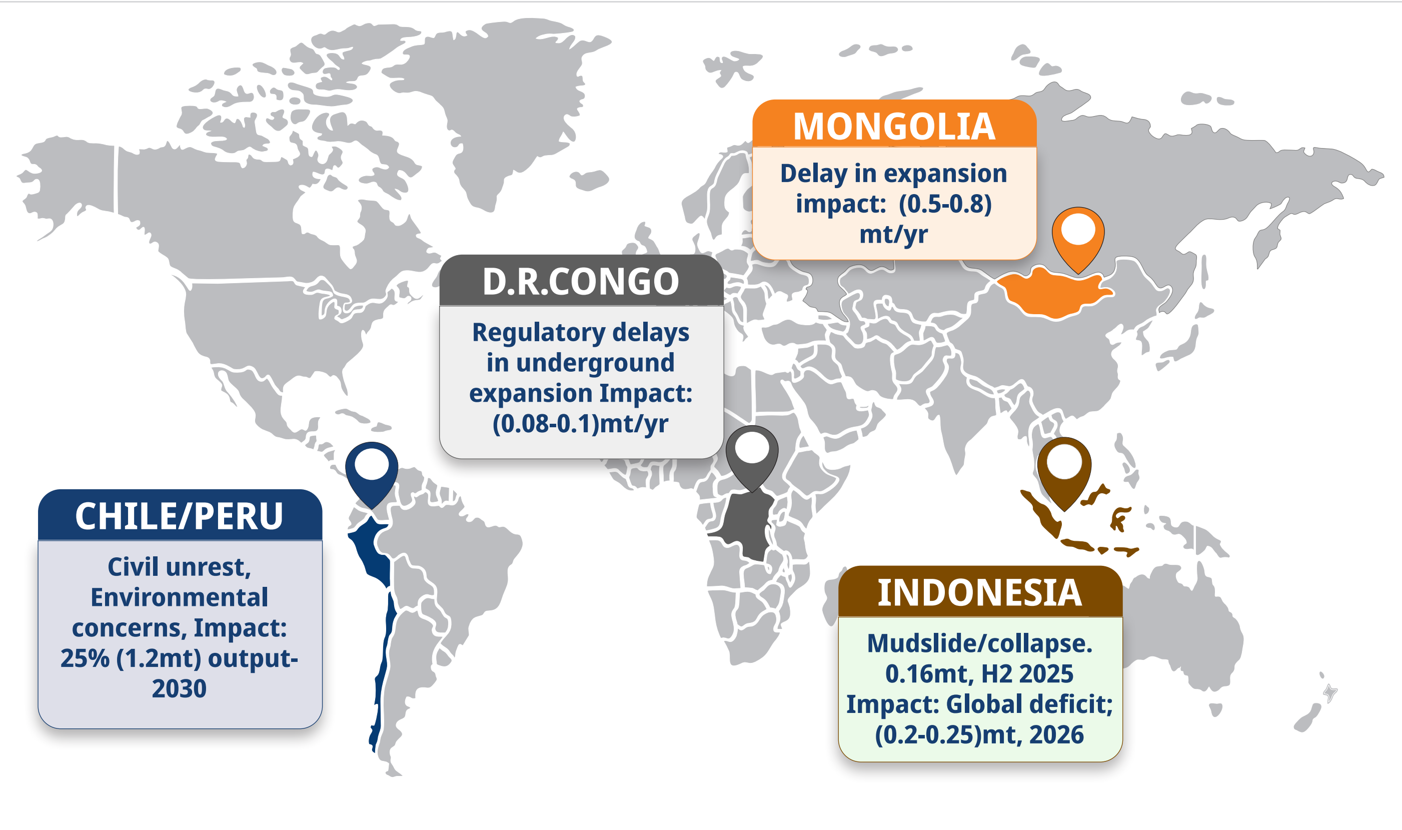
Copper Industrial Usage share (%)

Sector	Millon T	Key drivers
Electrical & Power Infrastructure	5.8-6	Power grids, transformers, substations; China's $500B grid upgrade.
Construction & Building	3.5-3.8	Wiring, plumbing, HVAC; India's $1.4T infra plan.
Industrial Machinery & Equipment	2.1-2.3	Motors, pumps, robotics; automation boom.
Transportation (Non-EV)	14.-1.5	Rail, ships, trucks; high-speed rail in Asia.
Consumer & General Products	1.4-1.5	Appliances, electronics, HVAC units.



Source: ICSG, NBS, Bloomberg, Mirae Asset Sharekhan Research

Major mine disruption



Source: Mirae Asset Sharekhan Research

Risks to call:

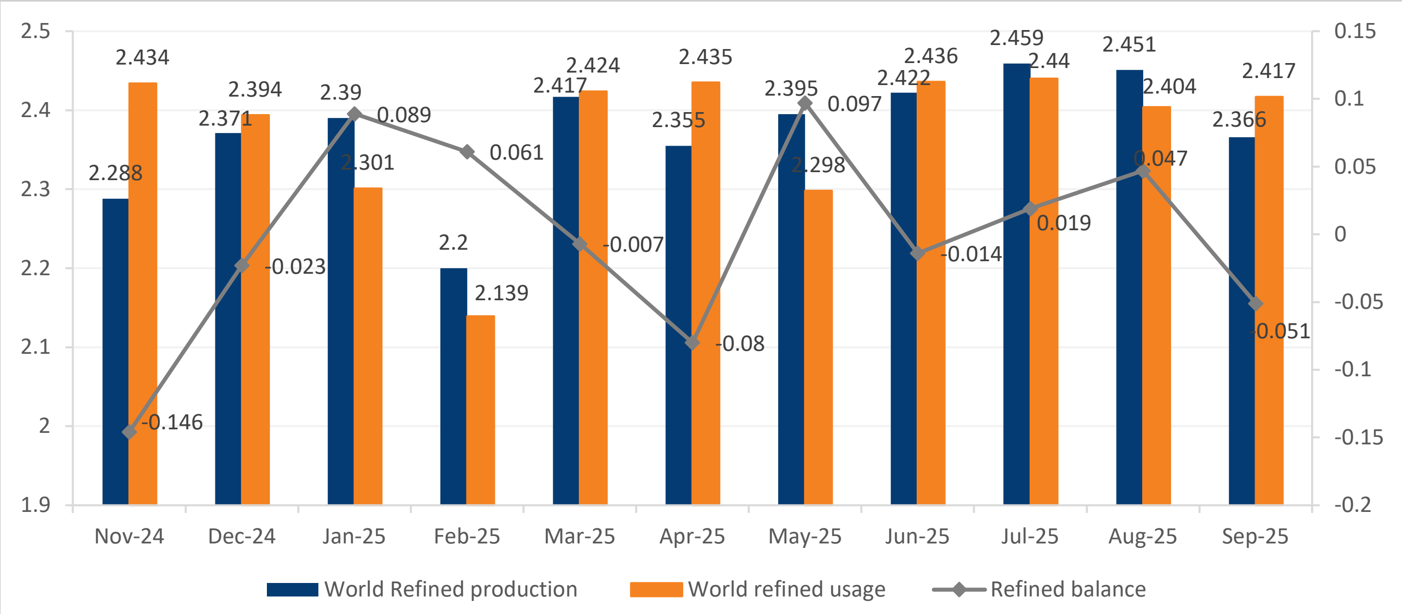
- Delay in Chinese economic stimulus
- Any deeper correction in US Tech sector on lofty AI valuation could see some moderation in copper prices
- Improved refining capacities ex-China could keep copper market in balance

(For more detailed analysis of Base Metals Outlook, see our Commodity Outlook – 2026 Report)

Conclusion

Our convictions stay strong for a bullish trend in copper prices, which are likely to rise towards $12,000/MT over H12026, averaging at $12,800/MT for the full year. Acute supply disruptions are set to tighten a refined copper market and stress fragile ex-US inventory cover in coming quarters . While Chinese demand is expected to slow, we will quickly transition to a significantly bullish backdrop as LME prices attempt to force the open COMEX arbitrage to reverse and incentivize the flow of copper out of the US and into the LME and to other regions.

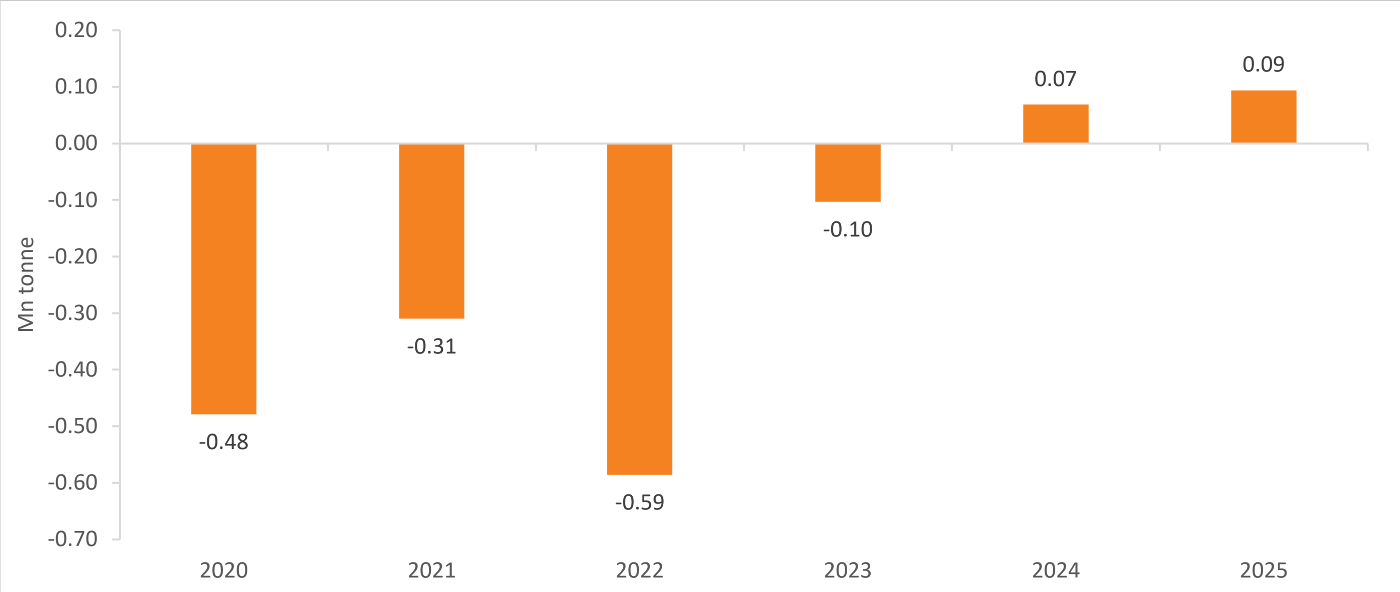
Global copper output M/M



Sources : ICSG; Mirae Asset Sharekhan Research

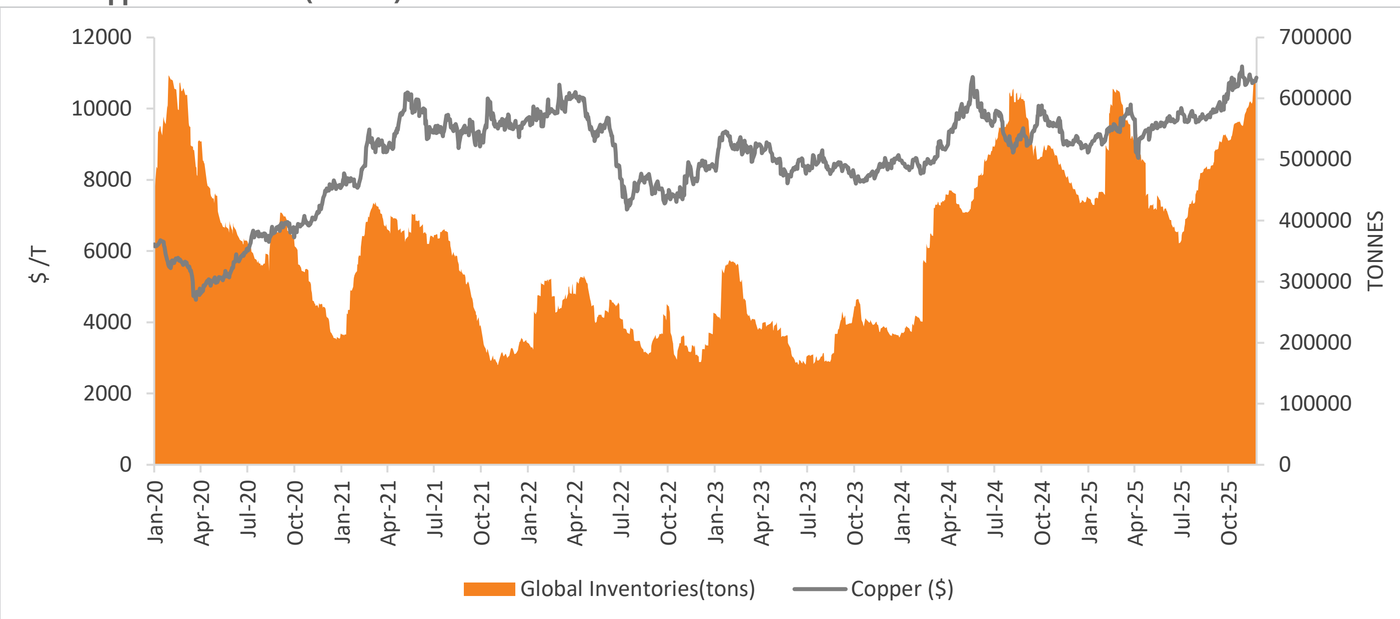
Global copper balance: ICSG expect mine copper to grow at 2.5% in 2026 and refined output at 0.9% IN 2026 and copper demand at 2.1% that should see shrinks the global market into deficit of 150KT.

Global copper balance



Source: ICSG Mirae Asset Sharekhan Research

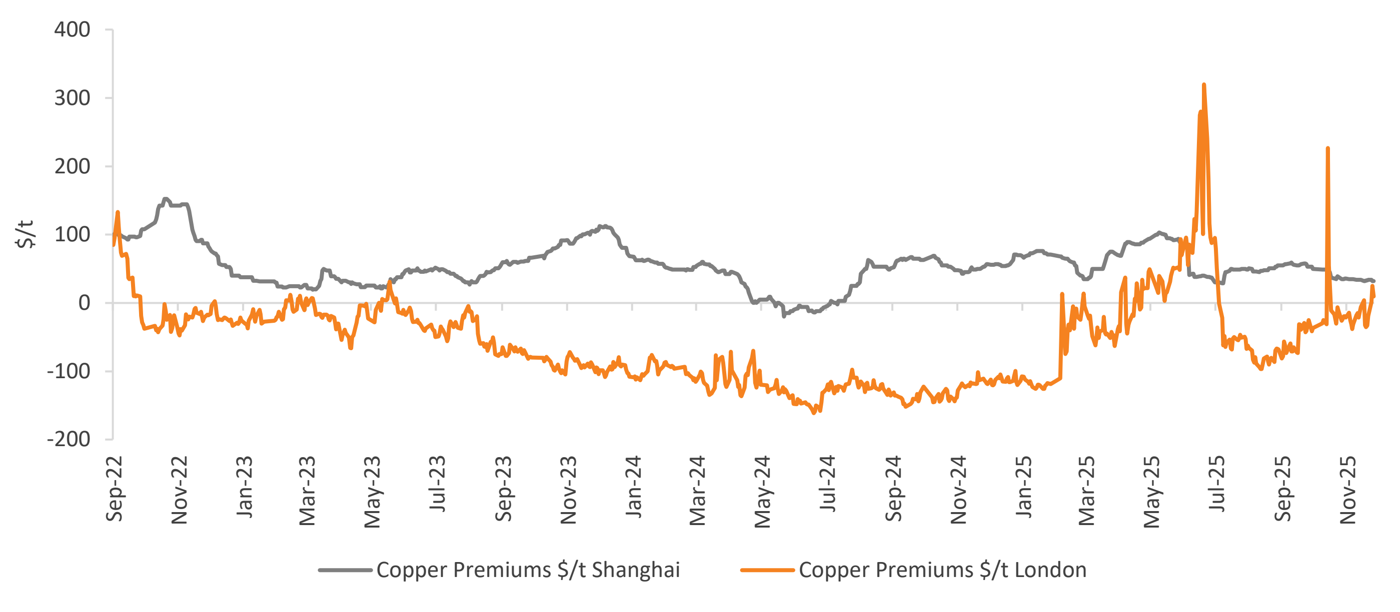
Global Copper Inventories (Tonnes)



Source: Bloomberg; Mirae Asset Sharekhan Research

The global copper inventories combined (Comex+ LME+ Shanghai), have been trending higher in last six months and stand around 600kt, but prices have remained higher in anticipation of supply fear.

Spread (LME vs Shfe)



Source: Bloomberg; Mirae Asset Sharekhan Research

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