CSC
COMMODITY & SHIPPING CLUB BY HEC

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METALS

from mine to market

Copper, aluminium and iron ore: what moved them in the two weeks to 23 October 2026, how our first calls scored, and which way we think prices move by 6 November

COPPER / ALUMINIUM / IRON ORE / OUR CALLS

Cover: Chuquicamata copper mine, Chile. Photo: Till Niermann, CC BY-SA 3.0.

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HOW TO READ IT

Each topic follows three steps: what happened, why it happened, what it means for our call. Each metal chapter ends with our thesis and our call. Blue panels explain terms. Dark panels give a trader's angle. Section 05 scores the calls we made on 9 October, misses included. Small numbers point to the sources on the last page.

LME: London Metal Exchange. SHFE: Shanghai Futures Exchange. COMEX: New York metals exchange. SGX: Singapore Exchange. SMM: Shanghai Metals Market.

00 / THE FORTNIGHT

China bought the dip. London refilled. Our calls held.

The two weeks to 23 October 2026 on one page: what changed, why it matters, and which way we think prices move by 6 November.

INDUSTRY TERMS

Ingot stocks
cast bars of aluminium held in commercial warehouses across China's main trading hubs, surveyed by SMM.

Yangshan premium
the extra a Chinese importer pays above the LME price for copper landed in Shanghai's bonded zone.

Treatment charge (TC)
the fee per dry tonne (ore weighed without its water) of concentrate (crushed ore, about a quarter copper) that a miner pays a smelter for processing it; when it is negative, the smelter pays the miner.

THIS FORTNIGHT / FOUR NUMBERS

+48,325 t
Copper into LME warehouses in five sessions, to 23 Oct[1]

−106 kt
China's aluminium ingot stocks in two weeks, to about 580 kt[10]

−$241.51
Treatment charge per dry tonne of concentrate, 16 Oct, the lowest on record[12]

4 of 4
Our 9 October calls, scored right on 23 October[1,29,42]

WHAT HAPPENED THIS FORTNIGHT

1. China bought the dip. Two weeks ago we said Chinese buyers were waiting: for lower prices, it turns out. Aluminium ingot stocks fell from 686 kt on 8 October to about 580 kt on 22 October[10]; copper importers paid a Yangshan premium of 158 dollars on 22 October, up from 125[18]. Credit growth slowed again: restocking, not recovery.

2. London refilled. Copper left LME warehouses for ten days, to 225,425 tonnes on 16 October; then 48,325 tonnes arrived in five sessions, mainly in New Orleans[1,16]. Metal parked in the United States for a tariff is coming back.

3. The dollar eased, and metals fell anyway. The dollar index slipped 0.3% and the US 10-year real yield fell from 2.87% to 2.66%[2,3]. All three metals ended lower. Money no longer moves them.

4. Our calls held, and two tripwires fired. All four 9 October calls were right at the 23 October settlements. On copper, the two events that would have changed our mind both happened in the last two days, in opposite directions[18,19]. They cancel; we stay flat.

OUR CALLS IN ONE LINE

Copper: flat this fortnight, up into 2027 · medium conviction.

Scarce rock holds the floor; returning American metal holds the ceiling. Page 10.

Aluminium: flat · low conviction.

China is drawing stocks fast, but the tightness has not reached London. Page 13.

Iron ore: down · low conviction.

Unsold ore is piling up at China's ports. Page 16.

The three together: flat · low conviction.

The dollar no longer moves them as one. Page 5.

00 / THE FORTNIGHT

The fortnight at a glance.

Price, stocks and the signals we watch for each metal, from 9 October to the 23 October settlements.

INDUSTRY TERMS

Cash price
the LME price for metal delivered in two days; its official settlement is used in physical contracts.

3M (three-month price)
the LME price today for metal delivered three months from now; the benchmark of our calls.

Backwardation
a market where metal for delivery now costs more than metal for delivery later, a sign that nearby supply is tight.

DASHBOARD / THE THREE METALS AT A GLANCE

LME three-month official prices and stocks, 9 to 23 October[1]; SGX December 2026 iron ore, preliminary settlements[29]; signals from SMM, SHFE, CFTC, China customs and Fortescue[9,10,11,12,18,19,32,33,35,42]. ▲ pushes the price up, ▼ down, ● neutral.

Copper

LME copper 3M official, USD/t

14,270 ▼ 2.1%



LME stocks	225,425 → 273,750 t ▼
TC	−241.43 USD/dmt, 23 Oct ▲
Yangshan premium	125 → 158 USD/t ▲
Funds' net long	78,058 → 47,690 lots ▼

● Flat
Medium conviction

Aluminium

LME aluminium 3M official, USD/t

3,018 ▼ 1.7%



China ingot stocks	686 → ≈580 kt ▲
Cash–3M spread	−8.5 → +25 USD ▲
LME stocks	238,875 → 235,800 t ●
China exports	656 kt in Sep, +25.9% y/y ▼

● Flat
Low conviction

Iron ore

SGX Dec-26 62% Fe (FEFZ26), USD/dmt

90.55 ▼ 0.5%



Port stocks, 35 ports	147.75 Mt, 23 Oct ▼
Fortescue unsold	3.9 Mt, +4–5 Mt in Oct ▼
Hot metal	2.3520 → 2.3584 Mt/d ▲
Mill margin	994 → 1,031 yuan/t ▲

▼ Down
Low conviction

HOW TO READ IT

Copper. The signals cancel, so we call it flat. Rock is scarcer than ever: the treatment charge printed −241.51 dollars on 16 October, below the previous low[12]. China paid more for imported metal[18]. Against that, London stocks jumped by 17.9% in a week and funds cut their bets on a rise from 78,058 contracts on 29 September to 47,690 on 20 October[15,19]. The cash price stayed above the three-month price all fortnight, by 110 to 183 dollars[1].

Aluminium. China drew 106 kt of ingot in two weeks, and the Shanghai exchange's stocks fell two weeks running[10,11]. London felt a little of it: cash went from 8.5 dollars below the three-month price to 25 above[1]. But London stocks barely moved, and China exported 656 kt of aluminium in September[1,9]. The surplus went abroad, not into the price.

Iron ore. The state buyer is not taking all the ore arriving. Fortescue sold 3.9 Mt less than it shipped last quarter and expects 4 to 5 Mt more to go unsold in October[35]. Mills lose a little less than two weeks ago and made a little more iron, so demand is no longer the bear case. Supply is[31,32,42].

Together. Two of three calls are flat, and the dollar no longer moves all three the same way. Supply decides, metal by metal.

01 / WHY METALS MOVE

The dollar eased. Metals fell anyway.

Two weeks ago tighter money was the headwind for every metal. This fortnight it dropped, and the metals did not notice.

INDUSTRY TERMS

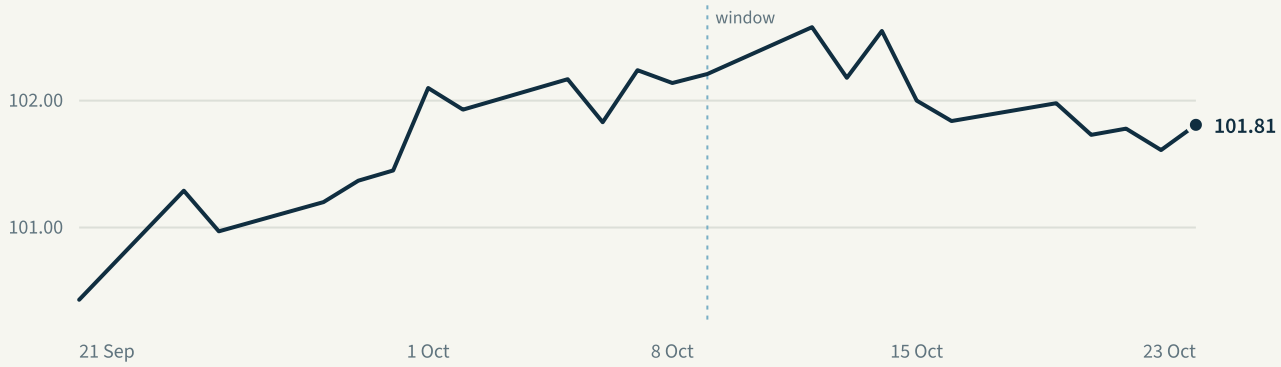
Real yield
the interest rate on a US government bond after taking out expected inflation; the true cost of holding metal that pays no interest.

Dollar index (DXY)
the US dollar measured against a basket of six major currencies; higher means a stronger dollar.

Risk-off
a day when investors sell shares and commodities and buy government bonds for safety.

THIS FORTNIGHT / THE US DOLLAR INDEX

The US dollar index, daily close, 21 September to 23 October 2026, the fortnight shaded. It closed at 102.14 on 8 October and 101.81 on 23 October[2].



WHAT HAPPENED THIS FORTNIGHT

The dollar index closed at 101.81 on 23 October, 0.3% below its 8 October close[2]. The 10-year real yield fell from 2.87% to 2.66%, 21 basis points, a hundredth of a point each[3]. On 22 October alone it dropped 12 points, to 2.64%, on a risk-off day: investors fled shares for bonds after an AI-stock selloff and on worries over France's debt and Iran[3,40]. Copper fell 1.5% the same day[1].

That is odd. A cheaper dollar and lower real yields should lift metals. Between 8 and 23 October copper's three-month price fell 1.0%, aluminium's 1.7% and Singapore's November iron ore 0.8%[1,29,42].

WHY THE FED DID NOT HELP

The Federal Reserve kept its range at 3.75–4.00% and decides again on 28 October[6]. Markets priced a 67.6% chance of a rise by December on 9 October and 69.5% three days later, because oil keeps inflation alive: Hormuz is still shut, Brent rose from 104.28 to 113.17 dollars a barrel by 22 October, and September consumer prices were 3.7% above a year earlier[2,4,5,39]. Chair Warsh named December a decision point on 16 October, and the Fed's own survey of its districts found higher oil prices "permeated all District reports"[6,41].

WHAT IT MEANS

Macro has stopped doing the work. The three metals moved on their own supply, in different directions. That is why we now call them flat as a group, with low conviction, and why the break for that call is a dollar index close below 101.0. It never came closer than 101.61[2].

01 / WHY METALS MOVE

China restocked. It did not recover.

Chinese buyers emptied aluminium warehouses fast and paid up for copper. Credit, property and the Party's agenda say why it stops there.

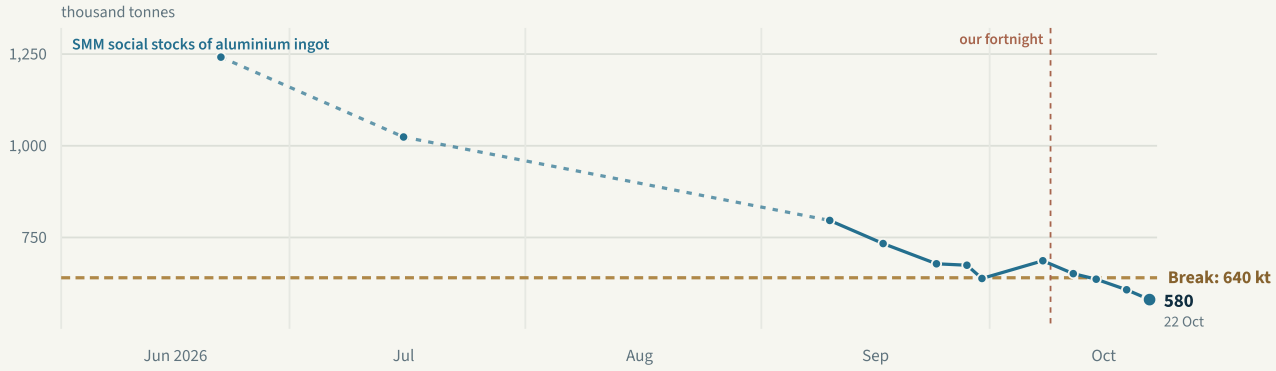
INDUSTRY TERMS

TSF (total social financing)
China's widest measure of credit to the economy: bank loans, bonds and other borrowing together.

Fifth Plenum
a full meeting of the Communist Party's Central Committee, the fifth of its five-year term, where policy direction is set.

THIS FORTNIGHT / CHINA'S ALUMINIUM INGOT STOCKS

SMM's count of aluminium ingot in China's main consumption areas, 2026, in thousand tonnes, with the 640 kt line of our 9 October draft and the fortnight shaded. 22 June to 22 October[10].



3.2%
Growth of M1, the cash that firms and households keep ready to spend, in the year to September; 4.1% in August[8]

−13.2%
New-home sales by floor space, January to September, against a year earlier[7]

WHAT HAPPENED THIS FORTNIGHT

After the holiday, China's warehouses filled: 686 kt of aluminium ingot on 8 October, up 48 kt in a week[10]. Stocks then fell at every count: 651, 636, 607, about 580 kt on 22 October[10]. The Shanghai exchange's stocks fell 11.0% in the week to 16 October and 10.2% the next[11]. Billet, the log that is pressed into window frames, fell from 187.5 kt to about 150 kt[10]. Copper too: stocks in the main regions fell to about 90 kt on 22 October, half a year ago's level, and Shanghai's spot premium over the exchange price swung from a 50 yuan discount on 14 October to 710 on 19 October[17].

WHY IT IS NOT A RECOVERY

Nothing under the buying changed. Credit, measured by TSF, grew 7.1% in the year to September, slower than August's 7.2%[8]. Property investment is down 20.6% this year and new building starts 24.9%[7]. The economy grew 4.5% in the third quarter, on factories, not on building sites[7]. What left the warehouses often left the country: China shipped 656 kt of aluminium products in September, 25.9% more than a year earlier; window-frame profiles led, at a high for this year[9]. The Party's Fifth Plenum meets on 26–29 October, but its published agenda is governance, not stimulus[38].

WHAT IT MEANS

Fabricators restocked because the price had fallen, not because orders rose. That puts a floor under a fall. It does not start a rise. Copper's floor is harder, and it starts at the mine.

02 / COPPER

Miners now sell 2027 rock at a loss to smelters.

The spot fee for turning concentrate into copper set a new low. For the first time, next year's cargoes are selling below zero too.

INDUSTRY TERMS

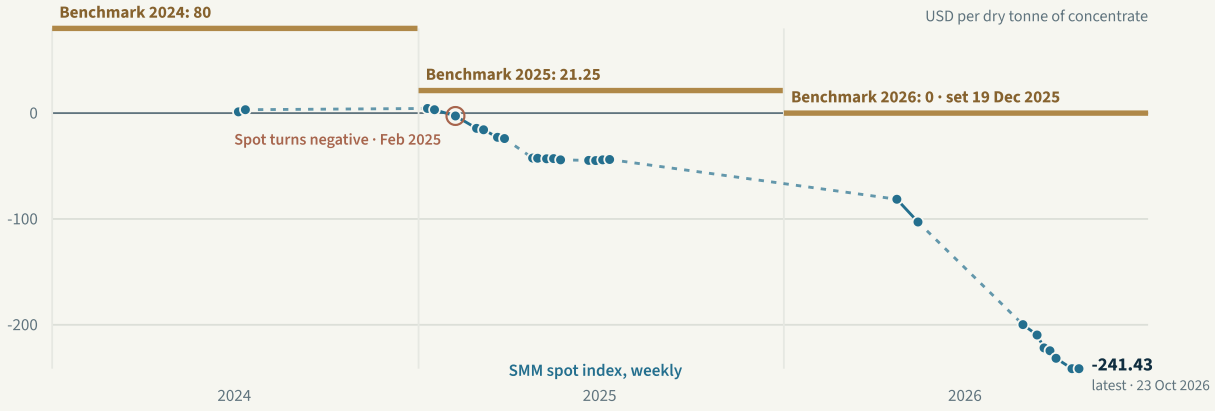
Benchmark (TC)
the yearly treatment charge agreed between a big miner and Chinese smelters each December, which term contracts copy.

Tender
a sale in which a miner invites bids for a cargo and the best fee wins.

LME Week
the industry's annual gathering in London each October, when many yearly supply contracts are discussed.

DEEP DIVE / THE TREATMENT CHARGE, 2024–2026

Gold steps: the yearly benchmark treatment charge agreed between Antofagasta and Chinese smelters. Blue dots: SMM's weekly index for concentrate imported into China, to 23 October 2026[12].



WHAT HAPPENED THIS FORTNIGHT

SMM's spot index fell to −241.51 dollars per dry tonne on 16 October, below the previous low of −231.68, and held at −241.43 a week later[12]. Tenders cleared deeper: Antamina for December at −350, Highland Valley at −370[12].

The new thing is 2027. A miner selling next year's rock quotes the market it expects. On 16 October, 40 kt of Los Pelambres concentrate for 2027 sold at −334; a week later another 40 kt from a major mine cleared at −360 and Mantoverde's 2027–28 tonnes at −340[12]. Miners expect no relief.

WHY

LME Week closed on 23 October with no 2027 benchmark, as the financier Robert Friedland had warned[12,13]. Furnaces keep multiplying: a new smelter at Yingkou began feeding its first 300 kt a year on 13 October, while China's September concentrate imports fell 4.06% from a year earlier[9,12]. Concentrate at eleven Chinese ports rose to 823.7 kt: at these fees rock goes into sheds, not furnaces[12]. The ICSG, the industry's statistics body, still sees refined copper, the finished metal, in surplus: 104 kt this year and 368 kt in 2027, but that rests on mines growing 3.1% next year[14].

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

Only one smelter, LS MnM in Korea, says it is weighing cuts; none has cut[12]. Until one does, scarce rock does not become scarce metal. Our structural call needs a benchmark at or below zero, an announced cut and a refined deficit. The first looks likely. The other two have not arrived.

02 / COPPER

American copper is coming back to London.

For ten days metal left LME warehouses. Then 48,325 tonnes arrived in five sessions, most of it in New Orleans.

INDUSTRY TERMS

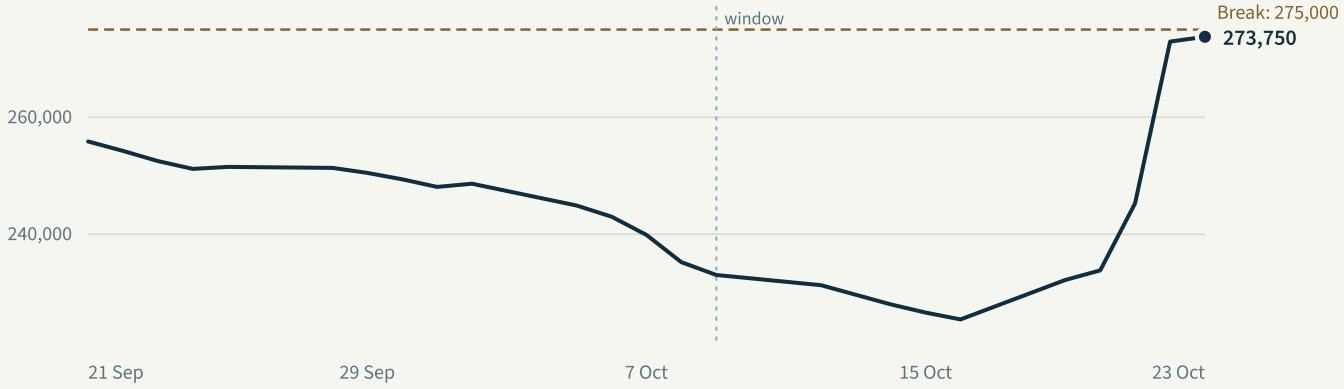
Short and long
a trader who has sold metal he does not own is short and must deliver it or buy it back; one who has bought is long.

Prompt date
the day a futures contract falls due; on the LME the main one comes each month, and sellers must then deliver metal into a warehouse.

Visible stocks
copper in the warehouses of the three exchanges, reported publicly; private sheds are not counted.

THIS FORTNIGHT / LME COPPER STOCKS

LME copper stocks, daily, 21 September to 23 October 2026, in tonnes, the fortnight shaded, with the 275,000 t break of our call[1].



WHAT HAPPENED THIS FORTNIGHT

LME stocks fell for ten sessions in a row, to 225,425 tonnes on 16 October[1]. Then they rose every day, 27,675 tonnes on 22 October alone, to 272,950, the most since 24 July[1,16]. Reuters counted 29,050 tonnes delivered on 21 October, mainly into New Orleans; US sheds now hold about 62% of LME copper[16]. The price fell with the stocks: the three-month price settled at 14,096 dollars on 22 October and touched 14,031, its weakest since 15 September[1,16].

WHY

The LME's October prompt date fell on 21 October, so anyone short had to deliver real metal[1,17]. Backwardation made delivering pay. And the gap between New York and London prices, which pulled metal into the US all year, shrank to one cent a pound on 23 October from six in early October[15]. With no tariff decision expected before the 3 November midterms, metal in the US had no reason to wait, and New Orleans is the nearest LME shed[24]. COMEX still holds 723,791 tonnes, 68.8% of the world's visible stock[15]. That pile can keep coming.

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

The spread did not break: cash cost 119 to 126 dollars more than three-month metal on the inflow days, and 145 on 23 October[1]. So we moved our tripwire from the spread to the stocks. A close above 275,000 tonnes, 1,250 tonnes away, says the US pile is coming back in earnest, and we go to down[1].

02 / COPPER

China pays more for metal while the world's pile moves.

Shanghai importers paid a near-decade-high premium for bonded copper, yet a tonne cleared through customs still loses money. One tonne shows why.

INDUSTRY TERMS

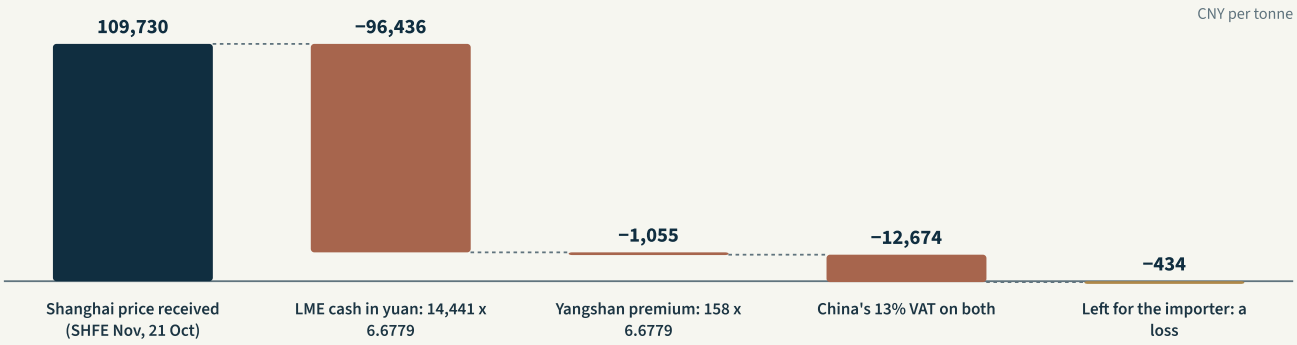
Arbitrage (arb)
buying in one market and selling in another to earn the gap; the import arb is "open" when shipping metal into China pays.

Warrant
the paper that proves a lot of metal sits in an exchange warehouse and gives its holder title to it.

Bonded stocks
metal held in a customs zone inside China that has not yet paid import tax.

WORKED EXAMPLE / A SHANGHAI IMPORTER'S BILL

One tonne of LME copper bought on 21 October 2026 at the cash price, with the Yangshan premium of 22 October and 13% VAT, against that day's Shanghai futures settlement. Yuan at the last Yahoo print, 6.6779[1,2,11,18,42].



READING THE BILL

A trader in Shanghai sells a tonne of copper on the exchange at 109,730 yuan, the 21 October settlement[11]. To replace it with London metal he pays the cash price, 14,441 dollars or 96,436 yuan, plus the Yangshan premium, 158 dollars or 1,055 yuan, to the seller of the warrant[1,2,18]. At customs he pays China's 13% VAT on both, 12,674 yuan; Shanghai prices include that sales tax, London's do not. He is left with −434 yuan: the import loses money[42]. SMM's own measure was about 410 yuan on 22 October, from 500 to 810 on 8 October; the two agree[18].

WHY PAY A NEAR-RECORD PREMIUM FOR A LOSING TRADE

Because the loss is small and shrinking, and the premium buys an option: bonded metal has paid no VAT, so its owner can wait for the arb to open. SMM calls the premium a near-decade high: sheds in Asia and China are both low and shipping is unreliable[18]. Bonded stocks fell to 31.2 kt on 22 October as arrivals cleared customs, and September imports of cathode, the refined sheet that smelters sell, rose 24.5% from August to 311.6 kt[9,18].

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

China pays up for metal it cannot make, which holds the floor. But it pays for warrants, not for cargoes at any price: a floor, not a rally. Above 180 dollars the premium says otherwise, and takes us to up.

TRADER'S ANGLE

How a trader would use it. When the loss shrinks toward zero while the premium rises, importers are about to clear metal and pull on Asia's LME sheds; a trader who expects the 180 dollar break buys Shanghai and sells London before the premium prints it.

02 / COPPER

Our copper thesis: two clocks, again.

Everything that caps copper can reach the price by 6 November. Nothing that makes it scarce can. The fortnight flat, the years ahead up.

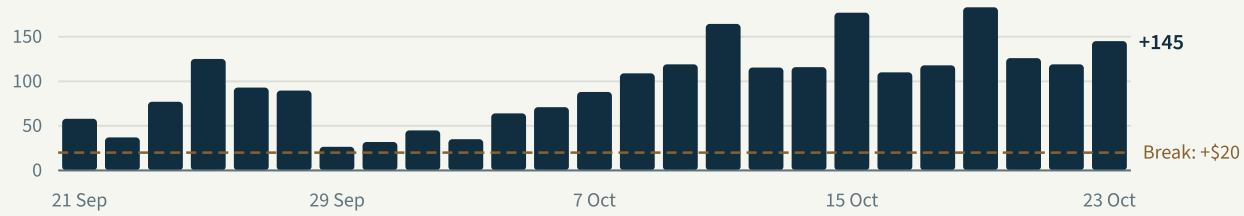
INDUSTRY TERMS

Managed money
the US futures regulator's weekly category for investment funds; their net long is contracts bought minus contracts sold.

Refined balance
supply minus demand for refined metal over a year; positive is a surplus, negative a deficit.

STRUCTURAL BREAK LEVEL / LONDON CASH PRICE MINUS THREE-MONTH PRICE

LME copper cash price minus three-month price, in USD/t, with the +20 USD break of our structural call. Official prices to 23 October 2026[1].



THE FAST CLOCK: BY 6 NOVEMBER

London is refilling. 48,325 tonnes in five sessions, 1,250 short of our break[1].

The strike premium is gone. Escondida settled on 14 October and Centinela on 18 October; no tonnes were lost[21].

Funds have sold. Managed money cut its net long from 78,058 to 47,690 contracts, from the 97th percentile of three years to below the 64th[19,42].

China holds the floor. Importers paid 158 dollars and the spread held above +110[1,18].

THE SLOW CLOCK: 2027

Miners expect no relief. 2027 cargoes sold at −334 to −360 dollars and LME Week closed without a benchmark[12].

Grades are falling. Escondida made 252.6 kt in the September quarter, 23% less than a year earlier[20].

New rock is years away. Copper World, approved on 21 October, makes its first copper in the second half of 2029[23].

OUR CALL

Fortnight: flat · medium

The LME three-month official on 6 November within 1.5% of 14,270 dollars, its 23 October level.

Into 2027: up · medium

Scored over quarters: a 2027 benchmark at or below zero, announced smelter cuts, a refined deficit.

Breaks if

LME stocks close above 275,000 tonnes before 6 November: to down. Yangshan premium above 180 dollars: to up. Cash–3M at or below +20: the structural call breaks.

TRADER'S ANGLE

How a trader would express it. Last issue's spread trade, long cash and short three-month, earned its keep: the spread held above +110 while the price fell. The new risk sits in the stocks: watch New Orleans deliveries before the price.

03 / ALUMINIUM

Our tripwire fired. The price fell anyway.

We called aluminium down and said Chinese ingot stocks had to stay heavy. They fell through our line within a week, and the price fell 3.1% regardless.

INDUSTRY TERMS

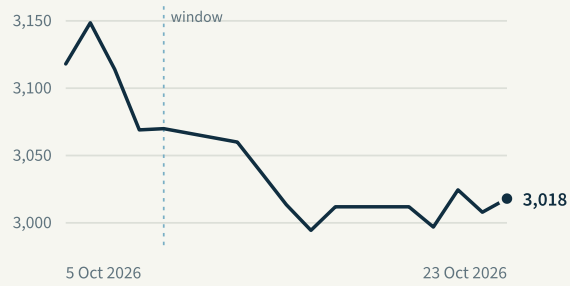
Physical premium
the extra a buyer pays above the exchange price for metal delivered to a given place; it moves with local supply, not with the exchange price.

Extrusion
aluminium pushed through a die into a profile such as a window frame; China's biggest aluminium export.

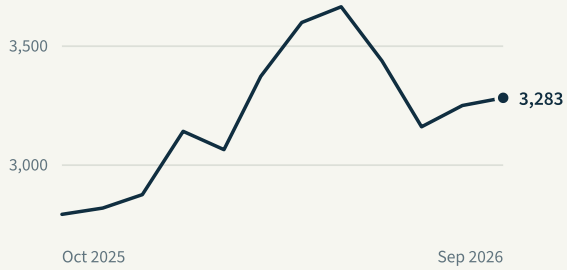
ALUMINIUM / THE PRICE

Left: LME aluminium three-month official price, daily, to 23 October 2026, the fortnight shaded[1]. Right: monthly averages, October 2025 to September 2026[43].

Last two weeks · daily
LME aluminium 3M official, USD/t



Last 12 months · monthly average
World Bank [36]



WHAT HAPPENED THIS FORTNIGHT

The three-month price settled at 3,018 dollars on 23 October, 96 dollars or 3.1% below the 3,114 of 7 October that our call was measured against[1]. The low was 2,994.5 on 15 October[1]. Our break, a close above 3,210 two days running, never came near: the high was 3,070 on 9 October[1].

So the call was right. The reason we gave was wrong. Our draft said Chinese ingot stocks had to stay above 640 kt. They printed 636 on 15 October and about 580 a week later[10]. On the Shanghai exchange, warrants fell from 118,396 tonnes on 8 October to 68,242 on 23 October[11].

WHY THE PRICE FELL ANYWAY

Because the tightness is Chinese and the price is London's. Shanghai's nearest contract moved far above the next month's, and spot metal in East China reached a year-high physical premium[11,25]. London saw only a flicker. Its stocks did not rise once in the fortnight, ending at 235,800 tonnes[1]. Japan's quarterly premium was indicated about a third lower for the fourth quarter: Asia outside China is well supplied[25]. And China's extruders shipped more in September than in any month this year. The surplus left as window frames, not as ingot[9].

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

A test of Chinese stocks measured the wrong market. The new tripwire sits in London, on the gap between metal now and metal in three months. The worked example that follows shows that gap, and our thesis sets the line.

03 / ALUMINIUM

One metal, two markets.

On 23 October a tonne of aluminium for delivery now cost 25 dollars more than one for delivery in January. Small, but the sign changed, and our new break is five dollars away.

INDUSTRY TERMS

Contango
a market where metal for delivery later costs more than metal now, which is normal when supply is comfortable.

Cost of carry
what it costs to hold a tonne for a period: warehouse rent, insurance and the interest on the money tied up.

WORKED EXAMPLE / CASH AGAINST THREE MONTHS

LME aluminium official cash and three-month settlements of 23 October 2026[1]. The axis is cut to show the gap.



Axis cut to show the gap; bars start above zero.

READING THE GAP

On 23 October the cash settlement was 3,043 dollars and the three-month 3,018[1]. The gap is 3,043 − 3,018 = +25. The later price is normally higher, because holding metal costs carry: that is contango, where aluminium sat from 21 September to 14 October[1]. On 15 October the sign flipped to +4.5, held near +7 for a week, then jumped to +25 on 22 October[1].

A merchant holding one tonne can sell it today at 3,043 and buy it back for January at 3,018: 25 dollars earned and three months of carry saved[42]. At +30 or more that starts to pull metal out of warehouses.

SHANGHAI'S VERSION OF THE SAME GAP

China's gap is far wider. On the Shanghai exchange the November contract settled 290 yuan above December on 22 October, from 75 yuan on 8 October[11]. That is where the 106 kt of ingot went. London lags: its gap moved from −8.5 to +25 while Shanghai's moved from +75 to +290.

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

Our break is cash–3M at +30 or wider, five dollars away: the Chinese pull has reached the LME, and we go to up. The other way, SMM ingot stocks back above 640 kt say the draw was a blip: to down.

TRADER'S ANGLE

What it means for a physical merchant. An LME shed in Asia now pays a merchant 25 dollars a tonne to deliver rather than hold for January; Shanghai pays far more, so the metal goes there first.

03 / ALUMINIUM

Our aluminium thesis.

China is drawing stocks fast and runs at its capacity cap, which pulls up. Its exports and flat London stocks cap the price. We call it flat, with low conviction.

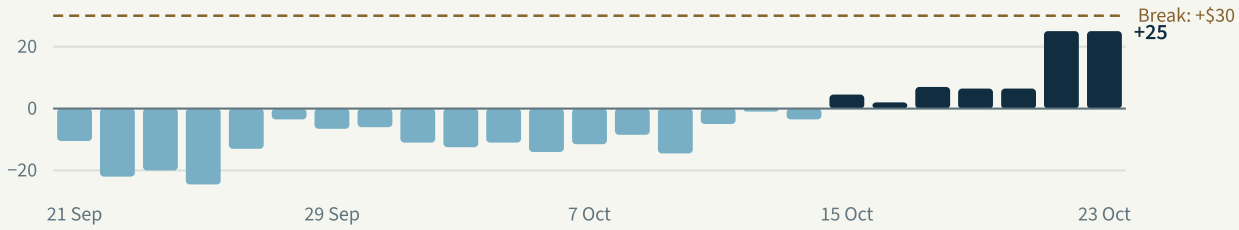
INDUSTRY TERMS

Midwest premium
the extra a US buyer pays above the LME price for aluminium delivered to the American Midwest, quoted per pound.

MJP (Main Japanese Ports premium)
the quarterly premium Japanese buyers pay above the LME price, the benchmark for Asia outside China.

BREAK LEVEL / LME ALUMINIUM CASH MINUS THREE-MONTH PRICE

LME aluminium cash minus three-month price, in USD/t, daily, with the +30 break of our call. Official prices to 23 October 2026[1].



PUSHING THE PRICE UP

China cannot add supply. Beijing caps smelting; September's 3.91 Mt is about 47.6 Mt a year, above SMM's count of capacity, 46.29 Mt[7,10].

China is drawing stocks. 106 kt of ingot in two weeks[10].

The premium unwind is over. The Midwest premium contract rose from 1.0485 dollars a pound on 12 October to 1.0713 on 21 October, about 50 dollars a tonne[26].

PUSHING THE PRICE DOWN

Exports take the surplus. 656 kt in September, up 25.9% on a year earlier[9].

London is not short. Stocks 235,800 tonnes, no daily rise; the MJP for the fourth quarter indicated at 255 dollars, from 395[1,25].

Nobody is squeezed. Chinese smelters earn about 7,800 yuan a tonne on August costs; Alcoa's alumina business ran at breakeven[11,27,42].

OUR CALL

Direction: flat

The LME three-month official on 6 November within 1.5% of 3,018 dollars, its 23 October level: the tightness is in Shanghai, not London.

Conviction: low

Our last test measured the wrong market, and London's spread jumped 20 dollars in a day, unexplained.

Breaks if

LME cash–3M official at +30 dollars or wider on any day before 6 November: to up. SMM ingot stocks back above 640 kt: to down.

TRADER'S ANGLE

How a trader would express it. Hold the Shanghai nearby spread, where the draw is, not the London price it has not reached; past +30, London pays a merchant in Asia to deliver.

04 / IRON ORE

Two-year low: the ore is unsold, not unwanted.

Singapore ore touched its weakest since September 2024. The ore is there and the furnaces are lit; the buyer is arguing about the price.

INDUSTRY TERMS

CMRG (China Mineral Resources Group)
the state company set up to buy iron ore on behalf of China's steel mills.

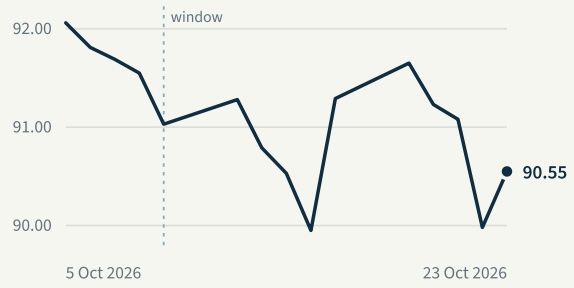
FEFZ26
exchange shorthand for the SGX 62% iron ore contract for December 2026; FEFX26 is November.

Open interest
the number of futures contracts outstanding on a month; the market's weight sits where it is largest.

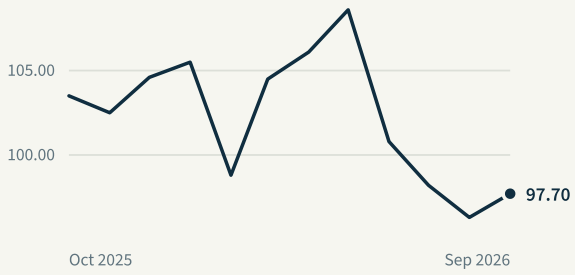
IRON ORE / THE PRICE

Left: SGX December 2026 iron ore contract, preliminary daily settlements, 21 September to 23 October 2026, the benchmark of our call[29]. Right: monthly averages, October 2025 to September 2026[43].

Last two weeks · daily
SGX Dec-26 62% Fe (FEFZ26), USD/dmt



Last 12 months · monthly average
World Bank [36]



WHAT HAPPENED THIS FORTNIGHT

The December contract settled at 90.55 dollars per dry tonne on 23 October, from 91.55 on 8 October[29]. On 22 October the November contract traded down to 89.45, below the 8 October dip that was already the lowest since September 2024, and SMM's 61% index hit 88.60, its fortnight low[29,30].

A BUYER'S STRIKE, NOT A SHORTAGE OF BUYERS

Fortescue shipped 46.8 Mt in its September quarter but sold 42.9 Mt[35]. The 3.9 Mt gap is ore its Chinese customers did not take, because CMRG has stalled contract talks and told mills to stop buying one of Fortescue's low-grade products[35]. It expects 4 to 5 Mt more to go unsold in October and may cut output if there is no deal by year-end. Its chief executive said on 23 October: "there will be a point where there is just no more room to put our ore"[35]. The same week, CMRG reportedly signed a new annual contract with Rio Tinto; neither company confirmed it[36]. A buyer that settles with one supplier and starves another is not short of ore.

WHY WE MOVED THE BENCHMARK

Our 9 October call used the November contract, which starts averaging November prices on 2 November; by 6 November part of it is fixed. December is the clean forward price, and the market agrees: its open interest overtook November's on 23 October[29].

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

The price fell on supply, not on mills. That keeps us down, with low conviction. The ports, where the unsold ore sits, come next.

04 / IRON ORE

One buyer, and it is not buying from Fortescue.

China's ports hold more ore than a year ago, shipments and freight slid, and the first weekly draw in six weeks changed nothing.

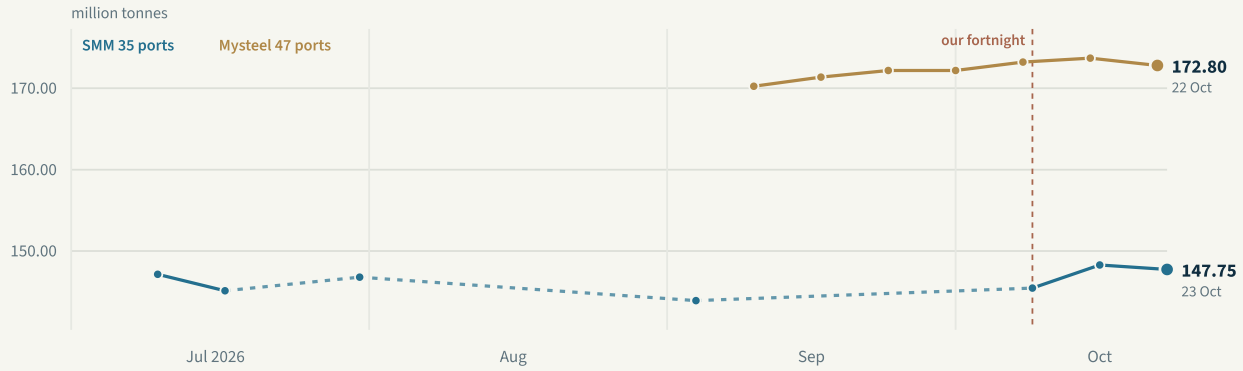
INDUSTRY TERMS

Port stocks
iron ore stockpiled at Chinese ports, the market's main measure of inventory; two surveys count different sets of ports.

C3 and C5
the Baltic Exchange's benchmark rates for shipping ore from Brazil (C3) and Western Australia (C5) to China, in dollars a tonne.

THIS YEAR / IRON ORE AT CHINA'S PORTS

Iron ore at China's ports in 2026, million tonnes: SMM's 35-port survey in blue, Mysteel's 47-port survey in gold, the fortnight shaded. Mysteel's figures and July's SMM prints come from search summaries, not page reads[33,34].



WHAT HAPPENED THIS FORTNIGHT

SMM's 35 ports held 148.30 Mt on 16 October, up 2.85 Mt in a week, then 147.75 Mt on 23 October, the first draw in six weeks[33]. Mysteel's 47 ports, by its headlines, rose for a fifth week to 173.7 Mt on 15 October and eased to 172.8 Mt on 22 October, 13.1% above a year earlier[34]. SMM expects the build to resume[33].

WHY

Ships kept coming while the buyer argued. China imported 109.817 Mt in September and 954.967 Mt this year, 4.1% more than last[9]. Rio Tinto shipped 85.7 Mt from the Pilbara in the third quarter, 2% more than a year earlier; BHP set records at mine and port with 71.9 Mt[20,28]. Ships got cheaper too: the C3 rate fell from 34.44 dollars on 8 October to 30.46 on 19 October before bouncing to 33.50, and the index for Capesize ships, the largest ore carriers, touched its lowest since early April on 16 October[30,37]. Cheaper ships and unsold cargoes end in the same place: a Chinese port.

One voice disagrees. Vale's chief executive says about 160 Mt a year of seaborne ore loses money at today's fuel and freight costs[24]. That is a floor for 2027, not for November.

WHAT IT MEANS FOR OUR CALL

DESK PROPOSAL · TO BE DECIDED BY THE TEAM

Fortescue's unsold ore sits in those piles through its Shanghai trading arm, and 4 to 5 Mt more is on the way. By 6 November, 8 to 9 Mt hangs over the port market with no buyer[35,42]. That is the bear case.

TRADER'S ANGLE

How a trader would express it. The port pile is a supply story, so the trade is ore against steel: sell the SGX December contract and buy Shanghai's January steel. If cargoes keep landing unsold while the furnaces run, ore falls, steel holds and the spread pays; a Fortescue–CMRG deal would lift ore and end the trade.

04 / IRON ORE

Mills earn a little more. They still lose.

More iron for the first time in five weeks and a wider rebar spread: enough to lower conviction, not to turn the call.

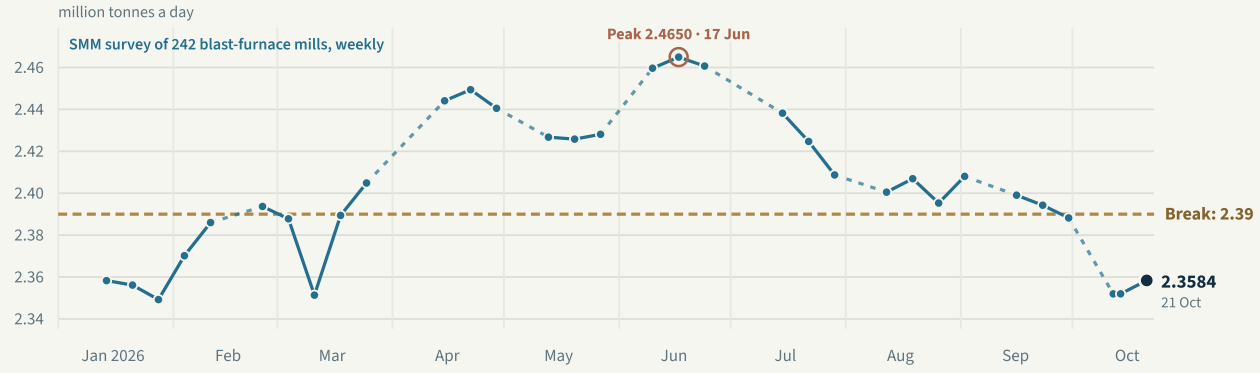
INDUSTRY TERMS

Hot metal
the liquid iron that runs out of a blast furnace; its daily output shows how much ore mills are using.

Rebar
ribbed steel bar used to reinforce concrete, the benchmark Chinese steel price.

BREAK LEVEL / CHINA'S DAILY HOT METAL OUTPUT

Daily hot metal output of China's blast furnaces in 2026, SMM's weekly survey of 242 mills, with our 2.39 break; dashes bridge missing weeks[32].



994 yuan

Left per tonne of rebar after ore and coke, 8 October[31,42]

1,031 yuan

The same sum on 22 October; 1,008 on 23 October[31,42]

PUSHING THE PRICE UP

Mills lose a little less. A tonne of rebar at 3,064 yuan, less 1.6 tonnes of ore at 671 and half a tonne of coke, the furnace's baked-coal fuel, at 1,919.5, left a Hebei mill 1,031 yuan on 22 October; cheaper ore did most of it[31,42]. It still loses after power, labour and debt[32].

Furnaces ate a little more. Hot metal rose to 2.3584 Mt a day on 21 October, the first rise in five weeks[32].

PUSHING THE PRICE DOWN

Unsold ore. Fortescue's 3.9 Mt, plus 4 to 5 Mt in October, while CMRG buys from Rio instead[35,36].

Ports are full. 147.75 Mt at 35 ports; 172.8 Mt at 47, 13.1% above a year ago[33,34].

OUR CALL

Direction: down

The SGX December 2026 contract on 6 November below 90.55 dollars, its 23 October settlement.

Conviction: low

Down from medium: the case rests on unsold supply, which one Fortescue–CMRG deal would clear.

Breaks if

SMM's 242-mill hot metal survey at 2.39 Mt a day or more on 28 October or 4 November (2.3584 on 21 October).

TRADER'S ANGLE

How a trader would express it. The SGX December contract is the call, and Wednesday's hot metal print is its first test: at 2.39 Mt a day or more the mills are back, and the position is cut whatever Fortescue and CMRG agree.

05 / SCOREBOARD

Four calls. Four right. Two tripwires fired.

The 9 October calls at the 23 October settlements, direction only, and what the tripwires said on the way.

INDUSTRY TERMS

Break level
the one checkable event or number that, if it happens, means the call no longer holds.

Flat band
the 1.5% either side of a reference within which a flat call counts as right.

SCOREBOARD / HOW THE 9 OCTOBER CALLS DID

Each 9 October benchmark from 25 September to 23 October 2026, with its reference and verdict[1,2,29]. References are the 7 October settlements. The 9 October theses were on pages 14, 18 and 23 of Issue 1; this issue's are on pages 10, 13 and 16.

Copper

• Flat

Medium conviction

RIGHT

Scored 14,270 on 23 Oct

LME copper 3M official, USD/t
Reference 14,422 (7 Oct)



BREAKS IF

Funds' net long below 50,000 contracts (to down) or the Yangshan premium above 150 USD/t (to up), before 23 Oct

Aluminium

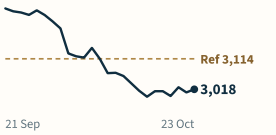
▼ Down

Low conviction

RIGHT

Scored 3,018 on 23 Oct

LME aluminium 3M official, USD/t
Reference 3,114 (7 Oct)



BREAKS IF

LME 3M official closes above 3,210 USD/t (its 30 Sep level) on two days in a row

Iron ore

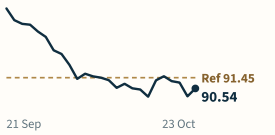
▼ Down

Medium conviction

RIGHT

Scored 90.54 on 23 Oct

SGX Nov-26 (FEFX26), daily settlement, USD/dmt
Reference 91.45 (7 Oct)



BREAKS IF

SMM hot metal output prints 2.40 Mt a day or more in any week before 23 Oct (2.3882 on 30 Sep)

All three

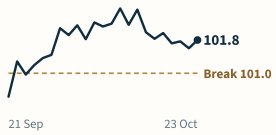
▼ Down

Low–medium conviction

RIGHT

Scored 3 of 3 lower on 23 Oct

Chart: US dollar index, the break's gauge



BREAKS IF

The dollar index closes below 101.0 (its 25 Sep level) on any day before 23 Oct

HOW WE SCORED THEM

Copper, called flat, had to stay within 1.5% of 14,422 dollars; it settled at 14,270, 1.05% lower[1,42]. Aluminium, called down from 3,114, settled at 3,018; iron ore, called down from 91.45, at 90.54[1,29]. All three lower, so the three-together call was right too[42].

Three tripwires never fired: aluminium above 3,210, hot metal at 2.40 Mt a day, the dollar index below 101.0[1,2,32].

Copper's two fired in the last two days, in opposite directions: funds' net long fell to 47,690, below our 50,000 line to down[19]; the Yangshan premium hit 158 dollars, above our 150 line to up[18]. Both sides of a range, so the new call is flat, with wider tripwires.

OUR RECORD

Four calls, four right: a hit rate, the share of calls right, of 100%. Four is too few to mean much; a coin scores this well one time in sixteen[42].

Aluminium was right for the wrong reason. We score the calls as the team validated them on 21 October; on the desk's own earlier proposal, a neutral range for copper, that call would also have been right[42].

The record is never edited, only added to. Issue 3, on 6 November, scores this issue's calls. Our calls are proposals that the club's team decides; nothing here is investment advice.

06 / TO WATCH & SOURCES

What to watch before 6 November.

None of these dates falls inside our window. They are the events that can confirm or break the calls.

INDUSTRY TERMS

CFTC
the US regulator of futures markets, which publishes each week how much each type of trader holds.

PMI (purchasing managers' index)
a monthly survey of factory managers in which a reading above 50 means activity grew.

DATES TO WATCH

- **24 Oct:** Workers at Teck's Highland Valley mine can strike from 08:00 Pacific time; about 2.4 kt of copper a week[22].
- **26 Oct:** SMM's Monday ingot count, and LME copper stocks against our 275,000 t line[1,10].
- **26–29 Oct:** China's Fifth Plenum. New central money for building would break our China view[38].
- **27 Oct:** Freeport's third-quarter results and its Grasberg mine's recovery[20].
- **28 Oct:** The Fed decides at 18:00 UTC; markets price a rise at 7.2%[4,6]. SMM's hot metal survey: 2.39 Mt a day or more breaks the iron ore call[32].
- **29 Oct:** Vale's and Teck's third-quarter reports[22,24].
- **30 Oct:** The CFTC report for 27 October, from 47,690 contracts[19]. SHFE weekly stocks, SMM's weekly and monthly treatment charge, and Chile's September output[11,12].
- **31 Oct:** China's October PMI. Our China view needs 49.5 to 50.8[7].
- **2 Nov:** The SGX November contract starts averaging November prices[29].
- **3 Nov:** US midterms; no tariff decision on refined copper is expected before them[24].
- **4 Nov:** SMM hot metal, the second test of the iron ore break[32].
- **5 Nov:** Codelco's shareholders meet on its restated 2024–25 output[21].
- **6 Nov:** Issue 3. We score these calls; US October payrolls too, if the usual timing holds[42].

WHAT WE COULD NOT SEE

Some data is paywalled or blocked, one reason no call carries high conviction. We could not see how much London copper is booked to leave the warehouses, or where the 48,325 tonnes landed beyond Reuters' "mainly New Orleans". We could not read Mysteel's mill-profit survey or its port-stock articles, only their headlines. We lack physical aluminium premiums after early October, spot copper premiums outside China, and the Platts iron ore index. The SGX settlements we use are preliminary. The hot metal reading for 7 October differs by about 1 kt between two SMM pages[32,42].

ABOUT THIS ISSUE

Published by the Commodity & Shipping Club by HEC. For information and education only; not investment advice. Coverage 9 to 23 October 2026, with data to the 23 October settlements and the CFTC report published that day. The calls are the desk's proposal until the club's team decides them. The next issue is due on Friday 6 November 2026.

SOURCES & DATA

The evidence behind the issue

01 Westmetall · LME official cash and three-month settlements, cash–3M spread and total stocks, copper and aluminium · daily to 23 Oct 2026

02 Yahoo Finance · US dollar index (DX-Y.NYB), Brent (BZ=F), COMEX copper and aluminium, USD/CNY, VIX and S&P 500 · to 23 Oct 2026

03 US Treasury · daily real yield curve (10-year TIPS) and par yield curve · 1–23 Oct 2026

04 CME FedWatch via SMM (secondary) · odds of a December hike (67.6% on 9 Oct, 68.9% on 23 Oct); October hike odds · 9–23 Oct 2026

05 US Bureau of Labor Statistics via SMM and Cochilco (secondary) · September CPI 3.7% y/y (14 Oct); September PPI +6.3% y/y (15 Oct)

06 US Federal Reserve · FOMC calendar (27–28 Oct 2026); policy range 3.75–4.00% since 17 Sep; Beige Book of 14 Oct 2026

07 National Bureau of Statistics of China · Q3 GDP; September output, crude steel, pig iron, primary aluminium; investment and property; CPI and PPI; PMI; release calendar · 15–20 Oct 2026

08 People's Bank of China via China News Service and Caixin (secondary) · September credit: new loans, TSF flow and stock growth 7.1%, M1, M2 · 14–15 Oct 2026; NST on the 20 Oct LPR poll (search summary)

09 China Customs (GACC) via SMM · September trade: copper concentrate, cathode imports and exports, scrap, aluminium exports 656 kt, iron ore imports, steel exports · 14–22 Oct 2026

10 SMM · China aluminium ingot social stocks: 1,242 kt (22 Jun) to about 580 kt (22 Oct); three-region daily series; billet stocks; processors' operating rate; existing capacity 46.29 Mt (via AlCircle) · Jun–23 Oct 2026

11 Shanghai Futures Exchange · daily settlements for copper, aluminium and alumina; weekly warehouse stocks of 16 and 23 Oct; daily warrants · to 23 Oct 2026

12 SMM · imported copper concentrate index (weekly): −231.68 (30 Sep), −241.51 (16 Oct), −241.43 (23 Oct); spot reviews with mine tenders; Yingkou start-up; LS MnM; port concentrate stocks; LME Week · 8–23 Oct 2026; history 2024–2026 in research/data/issue01-pass2/copper_tc_history.csv

13 The Deep Dive · Robert Friedland on the risk of no 2027 benchmark · 12 Oct 2026

14 ICSG · "Copper Market Forecast 2026/2027": refined surplus +104 kt (2026) and +368 kt (2027), mine growth 1.3% and 3.1% · 14 Oct 2026

15 Cochilco · weekly copper market reports: COMEX stocks 716,765 t (16 Oct) and 723,791 t (23 Oct), visible total 1,051,897 t, COMEX share 68.8%, COMEX–LME gap, Chile output, the Centinela comment · 16 and 23 Oct 2026

16 Reuters via Kitco · LME copper inflows of 29,050 t on 21 Oct, mainly New Orleans; US share about 62%; session low 14,031 · 22 Oct 2026

17 SMM · copper morning summaries and macro weekly: LME closes, social stocks (about 90 kt on 22 Oct), Shanghai and Guangdong premiums, import losses, LME Week panel · 9–23 Oct 2026; cancelled-warrant figure of 21 Jul

18 SMM · Yangshan copper premium, daily (125 on 8 Oct to 158 on 22 Oct) and weekly review (average 145; import loss 410.53 CNY/t; bonded stocks 31.2 kt) · 8–22 Oct 2026

19 CFTC · Commitments of Traders, COMEX copper managed money: 78,058 (29 Sep), 61,134 (6 Oct), 61,058 (13 Oct), 47,690 (20 Oct, published 23 Oct); Midwest premium futures · publicreporting.cftc.gov

20 BHP; South32; Freeport-McMoRan · BHP Q1 FY27 review and AGM (Escondida 252.6 kt, −23%; WAIO 71.9 Mt), 20–21 Oct; South32 quarterly, 19 Oct; Freeport 8-K on Grasberg, 2 Oct 2026

21 Diario Financiero; Chile País Minero; MINING.COM/Reuters · Escondida offer accepted (14 Oct), Centinela ratification (18 Oct), Codelco EGM called for 5 Nov · 7–18 Oct 2026

22 Teck Resources; SMM · Highland Valley Copper strike notice (21 Oct), earliest strike 08:00 PT 24 Oct, 127.1 kt in 2025; strike start at reduced capacity (24 Oct, after the cut)

23 Hudbay Minerals · Copper World sanction with Mitsubishi: capex 2.07 bn USD, first copper 2H 2029, 84 kt/y in years 1–5 · 6-K of 21 Oct 2026; MINING.COM 21 Oct

24 MINING.COM · ICSG preview and BMO on Section 232 (14 Oct); Bloomberg on Chile's output outlook (19 Oct); Anglo American Q3 (20 Oct); Vale's CEO on loss-making seaborne supply (16 Oct); El Teniente (12 Oct); Kansanshi, Coroccohuayco, Cuajone (20–22 Oct); Redimin on Peru (17 Oct)

25 SMM · aluminium morning summaries and premia: Q4 MJP indicated at 255 USD/t (12 Oct); Asian premia and Midwest (9 Oct); ex-China output; East China spot year-high (16 Oct); alumina and bauxite indices · 9–23 Oct 2026

26 Yahoo Finance · COMEX Midwest premium future (AUP=F): 1.0425 USD/lb (7 Oct), 1.0485 (12 Oct low), 1.0713 (21 Oct) · verified in research/sections/_fact-check.md

27 Alcoa; SMM · Alcoa Q3 2026 results: output 649 kt, alumina segment at breakeven (15 Oct); South32 shareholder approval of the sale to Alcoa (15 Oct)

28 Rio Tinto · Q3 2026 production results (SEC 6-K): copper 204.5 kt, Escondida share −29%, Pilbara 85.7 Mt, Simandou run-rate and stockpile, aluminium and Yarwun · 14 Oct 2026

29 SGX · iron ore futures: November 2026 (FEFX26) and December 2026 (FEFZ26) preliminary settlements, volume and open interest, 1 Sep–23 Oct 2026, and the curve of 21 Oct · api.sgx.com (re-pulled 27 Oct)

30 SMM / MMi · "SMM Iron Ore Daily" reports: 61% and 65% seaborne indices, port indices, Qingdao spot, DCE close, weekly shipments and arrivals, C3 and C5 freight, maintenance losses · 8–23 Oct 2026, via Hellenic Shipping News PDFs; Investing.com for the 62% CFR; CSN cut (search summary)

31 Sina Finance · DCE and SHFE daily settlements for iron ore I2701, coke J2701, rebar RB2701 and HRC · 30 Sep, 8, 22 and 23 Oct 2026

32 SMM · weekly survey of 242 blast-furnace mills: daily hot metal 2.3882 (30 Sep), 2.3532 (7 Oct, per MMi), 2.3520 (14 Oct), 2.3584 (21 Oct); operating rates · 2026 history in research/data/issue01-pass2/hot_metal_weekly.csv

33 SMM · iron ore stocks at 35 main ports: 143.91 Mt (4 Sep), 148.30 Mt (16 Oct), 147.75 Mt (23 Oct), with port pick-up; July prints from search summaries; 10-port stocks (22 Oct); HRC social stocks (9 Oct)

34 Mysteel · stocks at 47 ports (170.23 Mt on 10 Sep to 173.7 Mt on 15 Oct, 172.8 Mt on 22 Oct); 247-mill output headline of 23 Oct; end-September profitability (via Finimize) · search summaries and homepage headlines (paywalled)

35 Fortescue; SMM; The Nightly · September 2026 quarterly production report (ASX, 22 Oct AEDT): shipments 46.8 Mt, sales 42.9 Mt, 4–5 Mt more inventory in October, guidance 197–207 Mt, C1 21.98 USD/wmt; CEO Otranto's 23 Oct remarks

36 Reuters via MINING.COM · CMRG reported to have agreed a new annual supply contract with Rio Tinto; mills told 21 Oct; neither company confirmed · 21 Oct 2026

37 Baltic Exchange via Handybulk; Hellenic Shipping News · BDI, BCI, Capesize 5TC daily, 1–21 Oct 2026; weekly C3/C5 fixture reports; the 16 Oct low

38 Xinhua via cssn.cn · Fifth Plenum of the 20th Central Committee, 26–29 Oct 2026, agenda Party governance · 21 Sep 2026

39 TimesLIVE/Reuters; SMM · Hormuz: Iran tells Pakistan no talks until demands are met (20 Oct); a denied deal report; Iran's foreign minister on 22 Oct; ship attacks since 11 Oct; Kpler flows (search summary) · 20–22 Oct 2026

40 Trading Economics; CNBC (headline, search summary) · the 22 Oct US bond rally and its drivers; the 10-year "best day in more than a year" · 22 Oct 2026

41 investingLive; Traders Union via SMM · Chair Warsh on 16 Oct (October and December as decision points); October hike odds below 20% (21 Oct); other Fed speakers via SMM morning notes · 9–21 Oct 2026

42 CSC desk · arithmetic, estimates and worked examples (research/primers): the Issue 1 scoring, the 1.5% flat band, the import-arb and mill-margin sums, the cash–3M example, window ranges and percentage changes · data to 23 Oct 2026

43 World Bank · Commodity Price Data (Pink Sheet), monthly average copper, aluminium and iron ore prices · October 2025–September 2026 (research/data/series/prices_12m.csv; Issue 1 source 36)