What's Hot: As LME Week kicks off, the real story lies in Lisbon

Veröffentlicht am 10. Oktober 2025

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Wichtige Erkenntnisse

- Nickel Oversupply: Indonesia's rapid expansion keeps nickel production rising — up 18% in 2025 and 10% in 2026 — pushing the market deeper into surplus and weighing on prices.
- Copper Tightening: Output disruptions at Indonesia's Grasberg and the DRC's Kamoa-Kakula mines are cutting supply, turning expected surpluses into potential deficits by 2026.
- Market Implications: The contrast between nickel's glut and copper's scarcity underscores the need for selective positioning as the energy transition reshapes base metal demand.

It's London Metal Exchange (LME) Week (13th–17th October) — when participants from across the metals supply chain, from miners and smelters to financiers, hedgers, and investors, gather in London to exchange insights, pitch ideas, and learn from one another. Expect a flurry of broker notes and spirited discussions on base metals throughout the week.

Less attention, however, has been paid to the previous week's events in Lisbon, where the International Metal Study Groups — the International Nickel Study Group (INSG), International Copper Study Group (ICSG), and International Lead & Zinc Study Group (ILZSG) — held their joint meetings. These organisations have unparalleled access to the governments shaping mining policies and the companies extracting metals from the ground.

Attendees ranged from smelters and scrap processors to metal consultants, exchanges, and satellite imaging firms — and there was also an exchange-traded product (ETP) provider: WisdomTree. I was invited to discuss how financial innovations such as ETPs have democratised access to commodity investment, and how we continue to innovate to deliver best-in-class investment solutions.

Insights from Lisbon

A central focus of the meetings was to update forecasts for production, consumption, and market balances across key base metals. Sitting in the front row provided valuable insight into areas of both consensus and contention among delegates.

Nickel: Strong Supply Growth and Rising Surpluses

The discussions underscored stark differences between metals. Primary nickel production is expanding rapidly, driven by Indonesia, which already accounts for more than half of global supply and continues to grow aggressively.

Output is projected to rise 18% in 2025 and a further 10% in 2026, despite the government's efforts to tighten licensing and enforce environmental regulations. The market is already oversupplied, and this surge in Indonesian output could further pressure prices, potentially crowding out higher-cost producers elsewhere.

As one Indonesian official noted, "as long as producers remain cash-positive, they will keep going." Despite expectations for increased consumption, the market is likely to remain in surplus — rising from 112 thousand tonnes (kt), or 3.3% of demand, in 2024, to 209 kt (5.8%) in 2025, and 261 kt (6.8%) in 2026.

Copper: From Surplus to Deficit

In contrast, copper appears to be heading toward a deficit in 2026, with earlier forecasts of large surpluses being sharply revised down. While many major producers have expanded output, Indonesia has seen a significant decline.

Reduced production at the Grasberg and Batu Hijau mines caused national mine output to fall 32% between January and July 2025. The Grasberg decline was largely due to scheduled maintenance — even before the recent mud-rush incident that tragically resulted in fatalities. The mine expects only partial recovery later this year, with full capacity not returning until 2027.

Meanwhile, the Kamoa-Kakula mine in the Democratic Republic of the Congo (DRC) has suffered flooding caused by seismic activity. Ivanhoe Mines, part owner of the operation, guided the market to expect a 155 kt reduction in output.

As a result, the 2025 copper surplus has been revised down from 289 kt (0.7% of demand) to 178 kt (0.6%), and the 2026 forecast has swung from a 209 kt surplus to a 150 kt deficit — a meaningful shift that could tighten the copper market earlier than expected.

Source: International Copper Study Group, International Nickel Study Group, October 2025. Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.

Conclusions

From the meeting rooms of Lisbon to the trading floors of London, the message is clear: not all metals are created equal. Nickel's growth narrative is colliding with the realities of oversupply, while copper's constrained output may soon transform surplus into shortage. As 2026 approaches, these shifting balances could reshape price trends, investment flows, and the broader industrial landscape — setting the stage for another pivotal chapter in the metals market story.

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