J.P.Morgan

Europe Equity Research
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China Metals Activity Tracker

Copper consumption continues to slow, aluminum picks up

European Metals, Mining & Steel

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We present our high-frequency inventory trends for base metals, steel and iron ore in China for the week ended 5 Jun'26. Our data plots China weekly metals inventory trends, a proxy for consumption. Copper recorded a sixth consecutive week of weak demand, with minimal inventory movement in the past week; although this marks a slowdown vs exceptionally strong consumption across March-April, slower destocking is consistent with normal seasonality and we expect such trends could continue into the next few weeks. Aluminum's momentum has continued to pick up with another de-stocking in the past week of 26kt, which is sliglhtly stronger vs seasonal average this time of the year.

Overall, metals drawdowns have remained weak since May, after an exceptionally strong reopening post China New Year. As we noted in our China Steel Channel Checker (link), weaker demand is reflected in May NBS PMI readings and what is of note is the weakness in manufacturing activity which supports onshore metals demand. What further complicates the scenario is the Strait of Hormuz closure extending beyond JPM Commodities Research's base case of 1 June open. Our Commodities Research team (link) continues to forecast ~$100/bl Brent in H2'26 under current scenario and notes that lower-than-expected current oil pricing is largely driven by the market finding ways (inventory drawdowns & demand destruction) to absorb the shock.

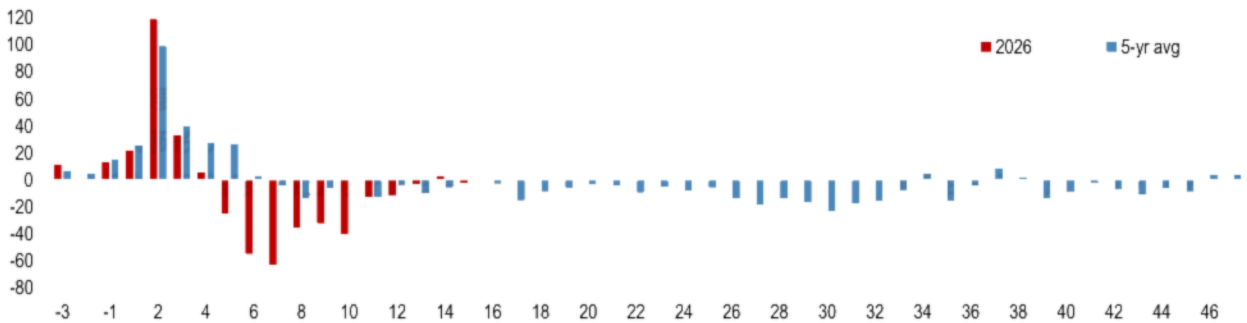
With downside risks to Chinese metals demand, alongside continued cost inflation pressures, not only from oil but also freight & consumables required in mining processes, we re-iterate our sector-strategy to reduce EMEA M&M exposure. We are **Neutral on BHP & Rio Tinto, UW Anglo American & Lundin Mining** ,with our only OW in the Industrials Metals space being **Norsk Hydro**, due to its aluminium and regional premia exposure.

We provide our latest EMEA Metals & Mining valuations and commodity price scenario analysis (here).

See page 9 for analyst certification and important disclosures, including non-US analyst disclosures.

Figure 1: Weekly change in China visible copper inventory (SHFE + Bonded). Net inventory movement broadly flat in week ended 5 Jun'26

x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of copper increase / (decrease)

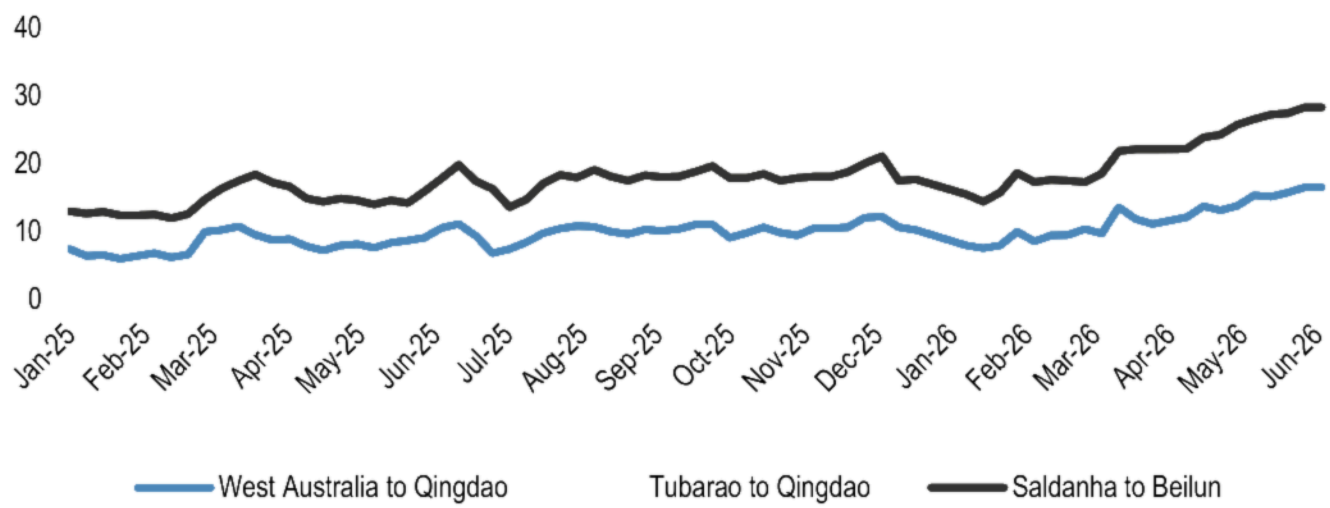


*Build over first and second weeks post-CNY averaged due to lagged inventory reporting.

Source: SHFE, CRU, SMM, J.P. Morgan Commodities, *First and second weeks grouped together due to lagged inventory reporting

Figure 2: Iron ore bulk shipping costs from Australia, Brazil and South Africa to China are all +>50% since start of the Iran conflict

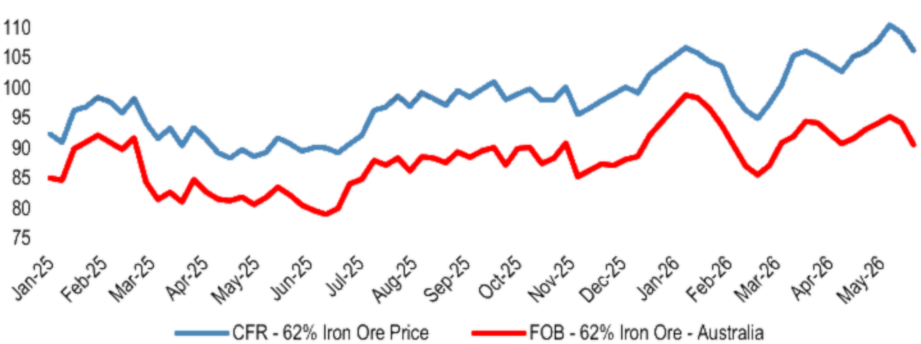
US$/t



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 3: FOB iron ore price from Australia to China at ~$86/t, -$1/t vs end of Feb & -$6/t YTD

$/t



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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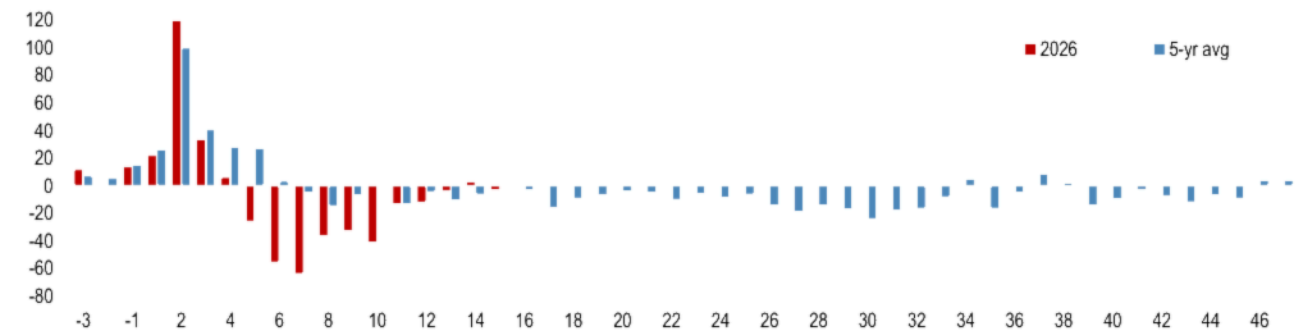
China metals inventory channel check – week ended 5 June 2026

J.P. Morgan is tracking China's metal inventories for potential insights regarding end-consumer demand activity. These high-frequency datapoints provide signals to gauge China metals consumption trends. Rapid pivots in inventory de-stocking volumes (or re-stocking) can potentially provide signals that downstream consumption is improving (or weakening).

Copper consumption in China is muted. Latest data suggests minimal inventory movement in the past week but this is in line vs seasonal trend. Copper inventories in China remain relatively tight (~220kt) although inventory level remains above the level same time last year. Aluminium de-stocking however has picked up. -26kt drawdown last week was slightly stronger than avereage seasonal level. **Zinc** inventory saw an inventory build last week, bringing total inventory level to 264kt, which is the highest level this time of the year since 2022.

Figure 4: Weekly change in China visible copper inventory (SHFE + Bonded). Net inventory movement broadly flat in week ended 5 Jun'26

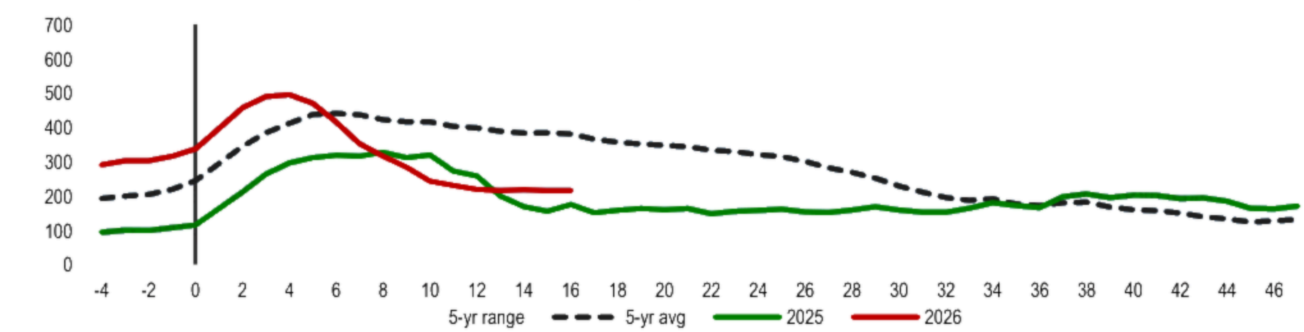
x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of copper increase / (decrease)



*Build over first and second weeks post-CNY averaged due to lagged inventory reporting.
Source: SHFE, CRU, SMM, J.P. Morgan Commodities, *First and second weeks grouped together due to lagged inventory reporting

Figure 5: Total China visible copper inventory (SHFE + Bonded) week ended 5 Jun'26. Copper inventory (218kt) remains at bottom end of seasonal range but ~40kt higher vs 2025

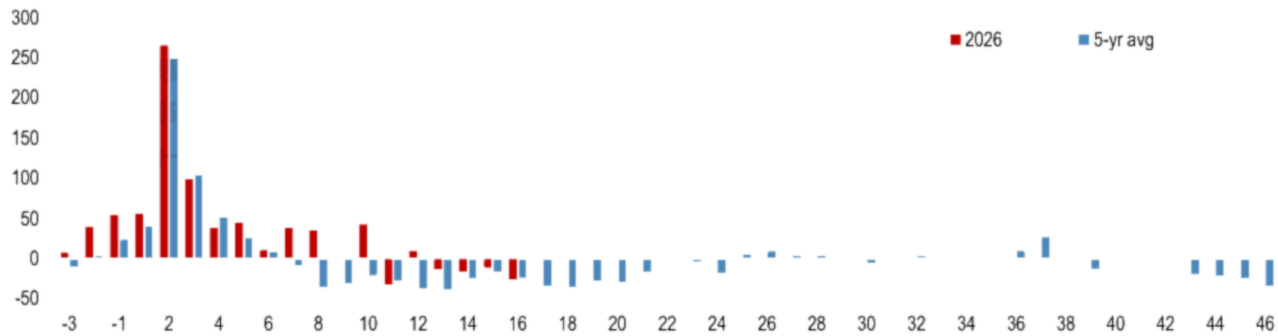
x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of copper



Source: SHFE, CRU, SMM, J.P. Morgan Commodities

Figure 6: Aluminum inventories movements in 2026 – weekly change in China visible aluminium inventory (SHFE + Bonded). Aluminum de-stocking stronger at -26kt last week

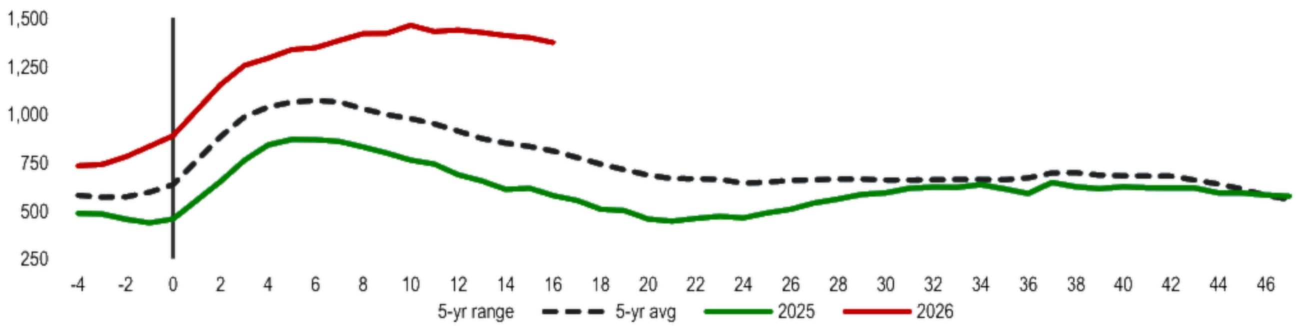
x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of aluminium increase / (decrease)



*Build over first and second weeks post-CNY averaged due to lagged inventory reporting.
Source: SHFE, CRU, SMM, J.P. Morgan Commodities, *First and second weeks grouped together due to lagged inventory reporting

Figure 7: Total China visible aluminum inventory (SHFE + Regional Warehouses) week ended 5 Jun'26. China aluminum inventory (1.4Mt) is at the highest level for this period since 2019

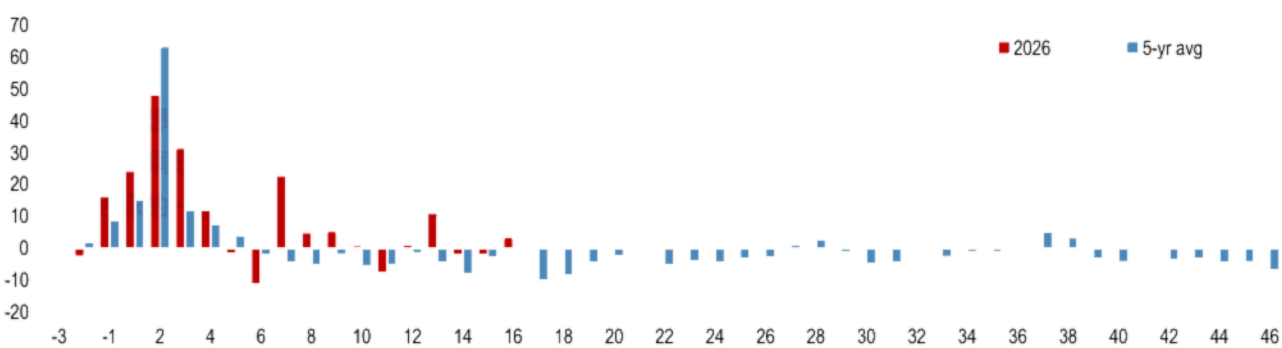
x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of aluminium



Source: SHFE, CRU, SMM, J.P. Morgan Commodities

Figure 8: Zinc inventories movements in 2026 – weekly change in China visible zinc inventory (SHFE + Bonded). Zinc inventory restocking last week of 3kt

x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of aluminium increase / (decrease)



*Build over first and second weeks post-CNY averaged due to lagged inventory reporting.
Source: SHFE, CRU, SMM, J.P. Morgan Commodities, *First and second weeks grouped together due to lagged inventory reporting

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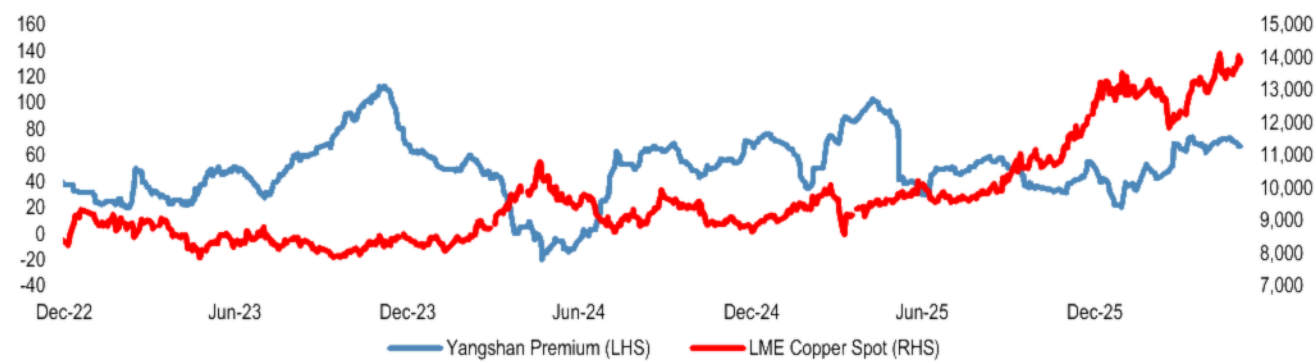
Figure 9: Total China visible zinc inventory for week ended 5 Jun'26. Total inventory (264kt) is at the highest seasonal level since 2022

x-axis = weeks post Chinese New Year (week 0 = week closest to start of CNY), y-axis = kt of zinc

Source: SHFE, CRU, SMM, J.P. Morgan Commodities Research

Figure 10: China Yangshan Copper Premium vs LME Copper Spot: Premium moderated to ~$65/t as China copper buying slows down

LHS: Yangshan Premium; RHS: LME Copper Spot; Unit: $/t



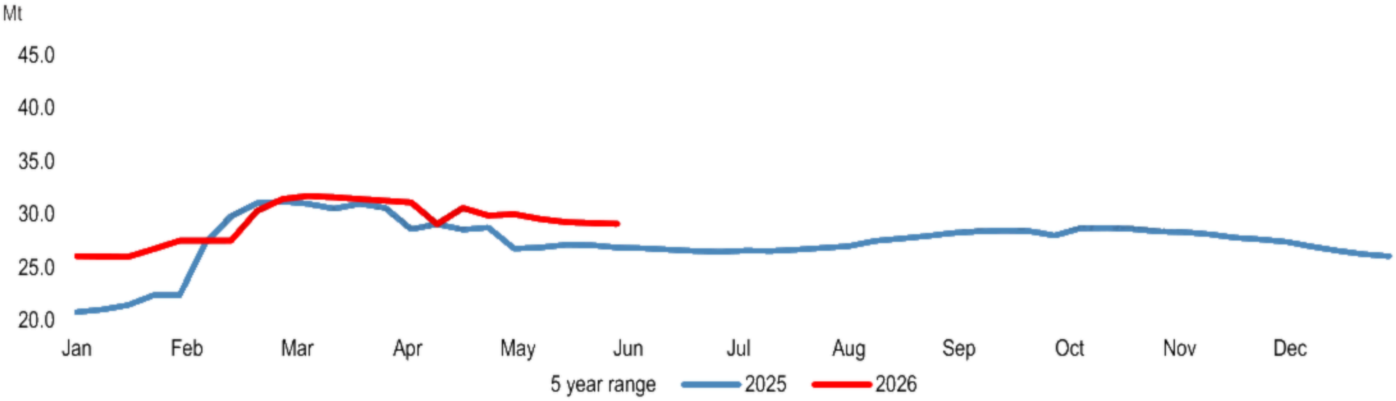
Source: Bloomberg Finance L.P.

Figure 11: China steel mill margins extend losses driven by higher coking coal prices

RMB/t

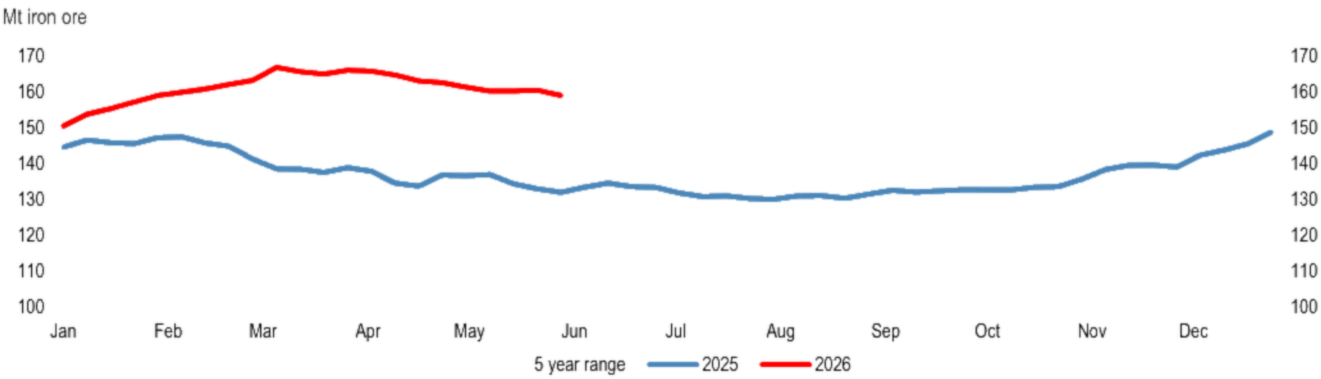
Source: Bloomberg Finance L.P, J.P. Morgan estimates.

Figure 12: China steel inventory week ending 5 Jun, flat WoW and +7% YoY; Inventory has remained relatively flat since late May



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

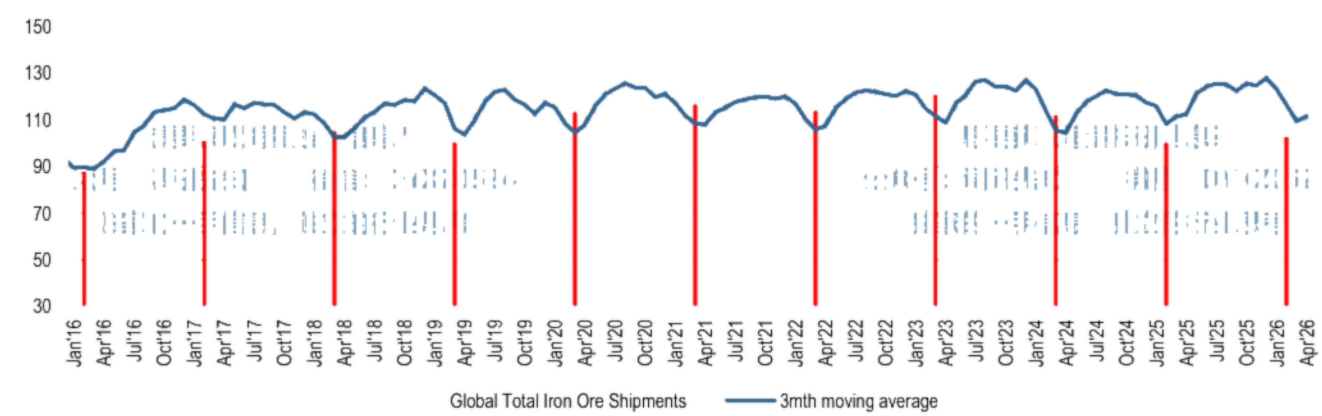
Figure 13: Iron Ore inventory held at ports in China ~159Mt is high vs history but has shown a drawdown trend in the past few weeks



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 14: Global iron ore shipments - we are entering the seasonal period during which global iron ore shipments ramp up. Global shipments +6% MoM in April & +4% YoY

Mt iron ore exports, red bar = February, typical seasonal trough for shipments is Jan/Feb



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

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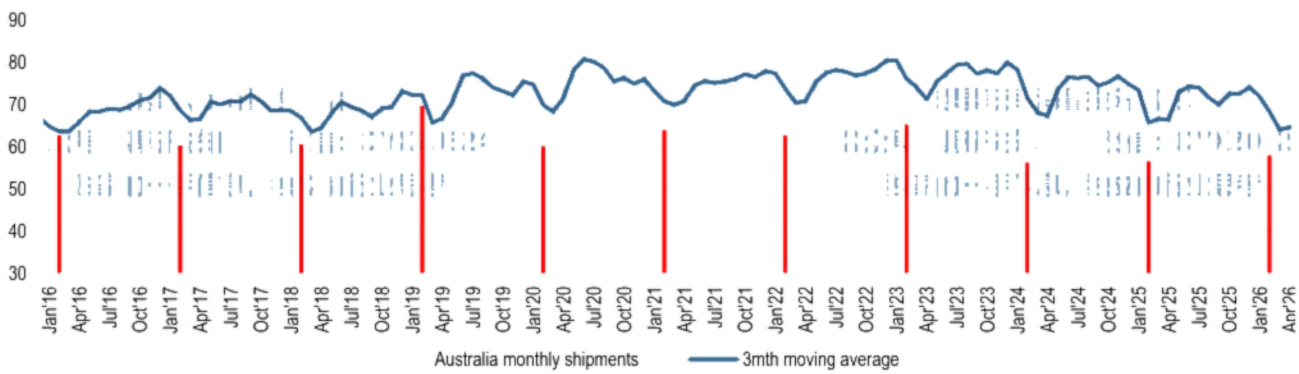
Figure 15: Australia iron ore shipments - Latest data suggests Australian iron ore shipments +8% MoM in April & +3% YoY

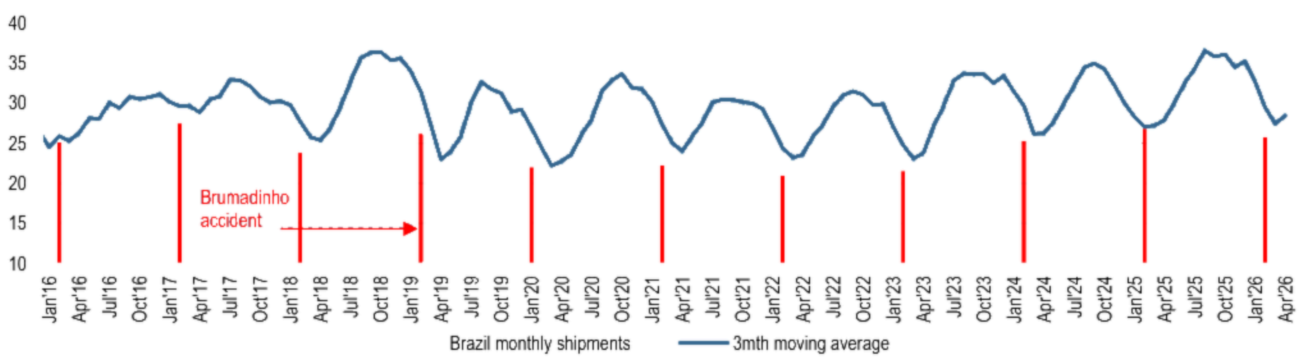
Mt iron ore exports, red bar = February, typical seasonal trough for shipments is Jan/Feb



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 16: Brazil iron ore shipments +6% MoM in April, +6% YoY

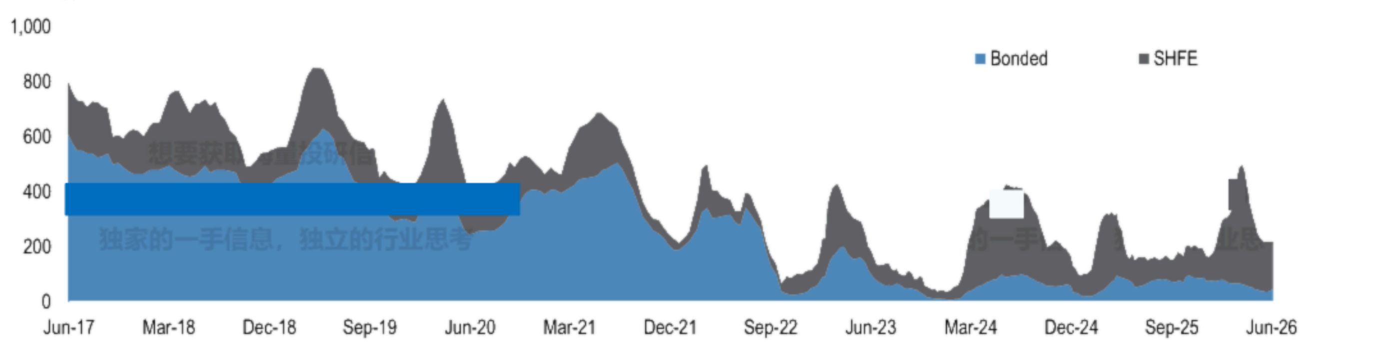
Mt iron ore exports, red bar = February, typical seasonal trough for shipments is Jan/Feb



Source: J.P. Morgan estimates, Bloomberg Finance L.P.

Figure 17: Chinese visible copper inventory (SHFE + Bonded) for week ended 5 Jun. Copper inventories flat in the past few weeks due to minimal net buying

kt of copper



Source: SHFE, CRU, SMM, J.P. Morgan Commodities

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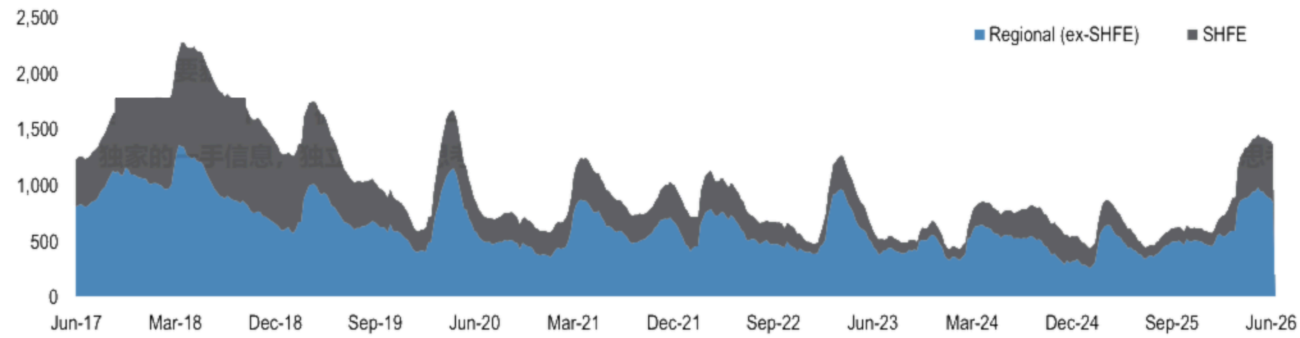
Figure 18: China visible aluminium inventory (SHFE + Regional Warehouses) for week ended 5 Jun. Aluminum inventories are still at the highest level vs 5-year range but de-stocking has begun in China

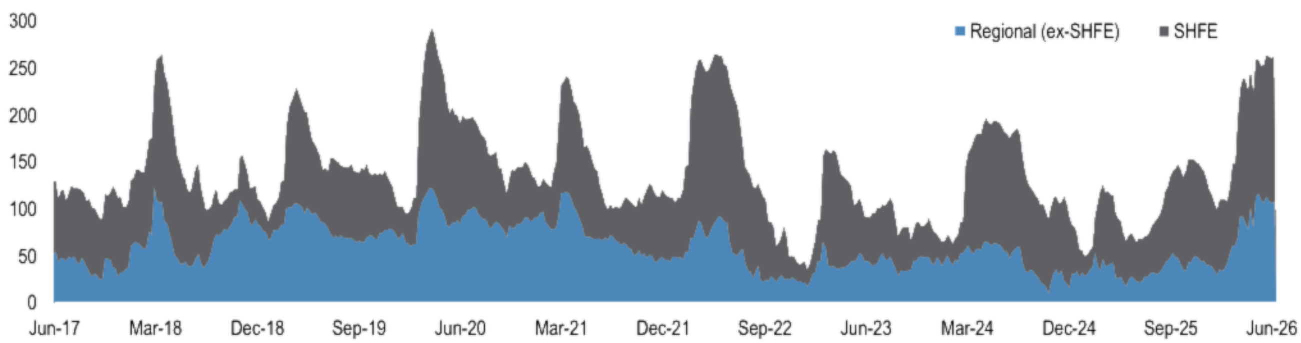
kt of aluminium



Source: SHFE, CRU, SMM, J.P. Morgan Commodities Research

Figure 19: China visible zinc inventory (SHFE + Regional Warehouses) for week ended 5 Jun. Zinc inventories are still at the highest level vs 5-year range

kt of zinc



Source: SHFE, CRU, SMM, J.P. Morgan Commodities