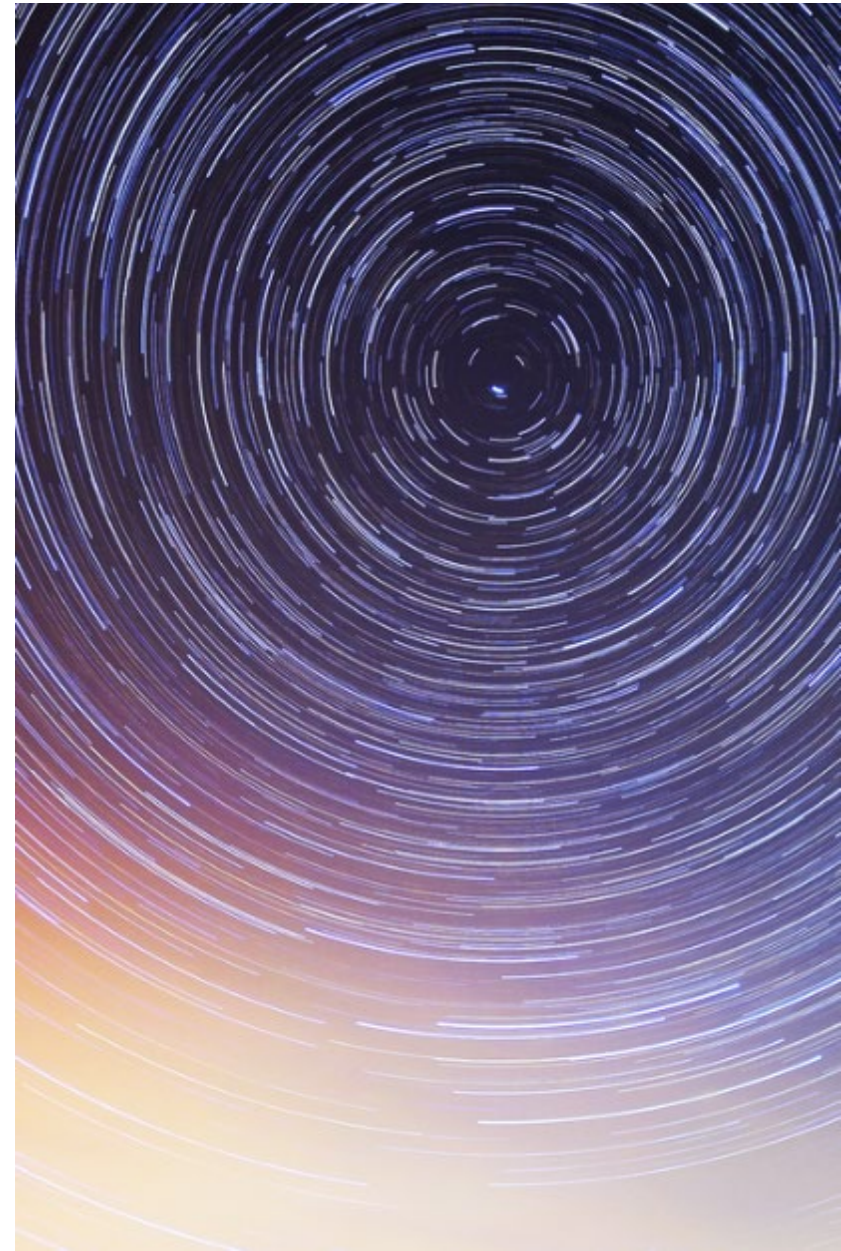
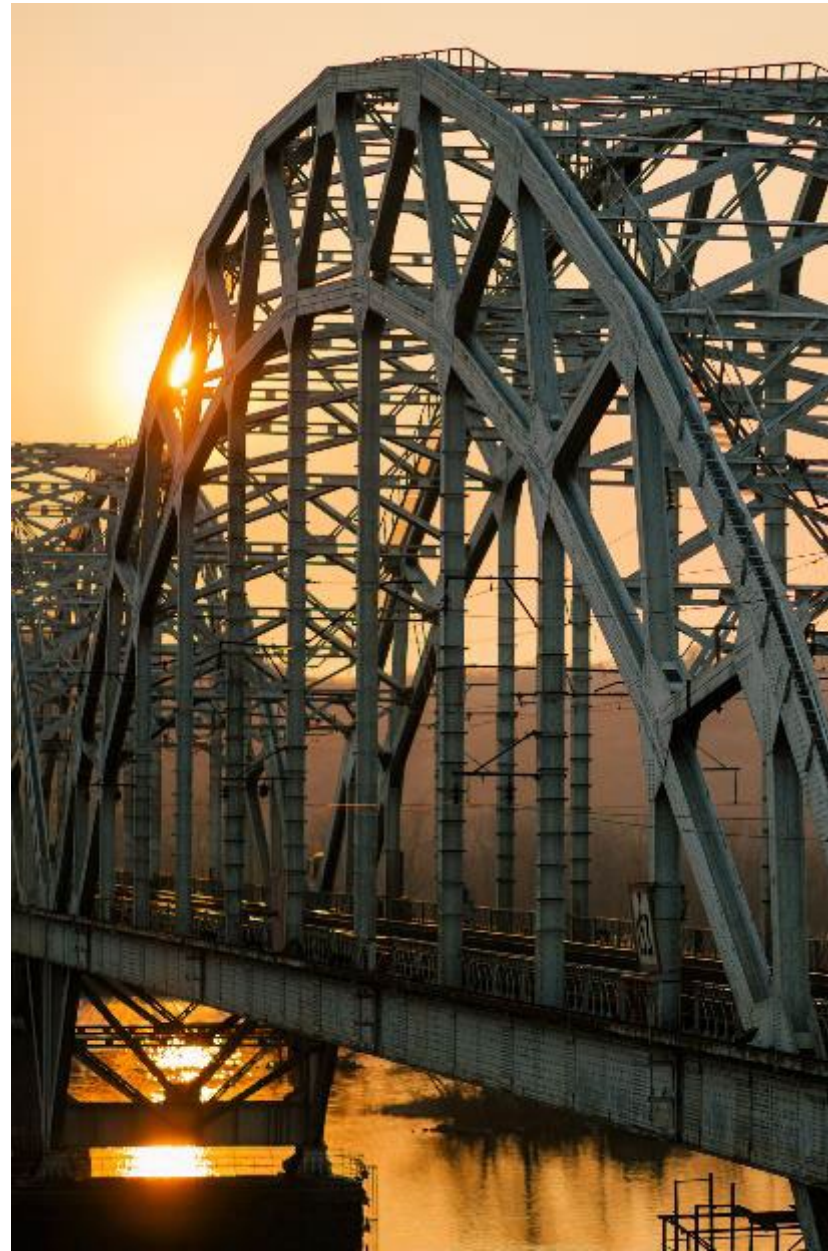
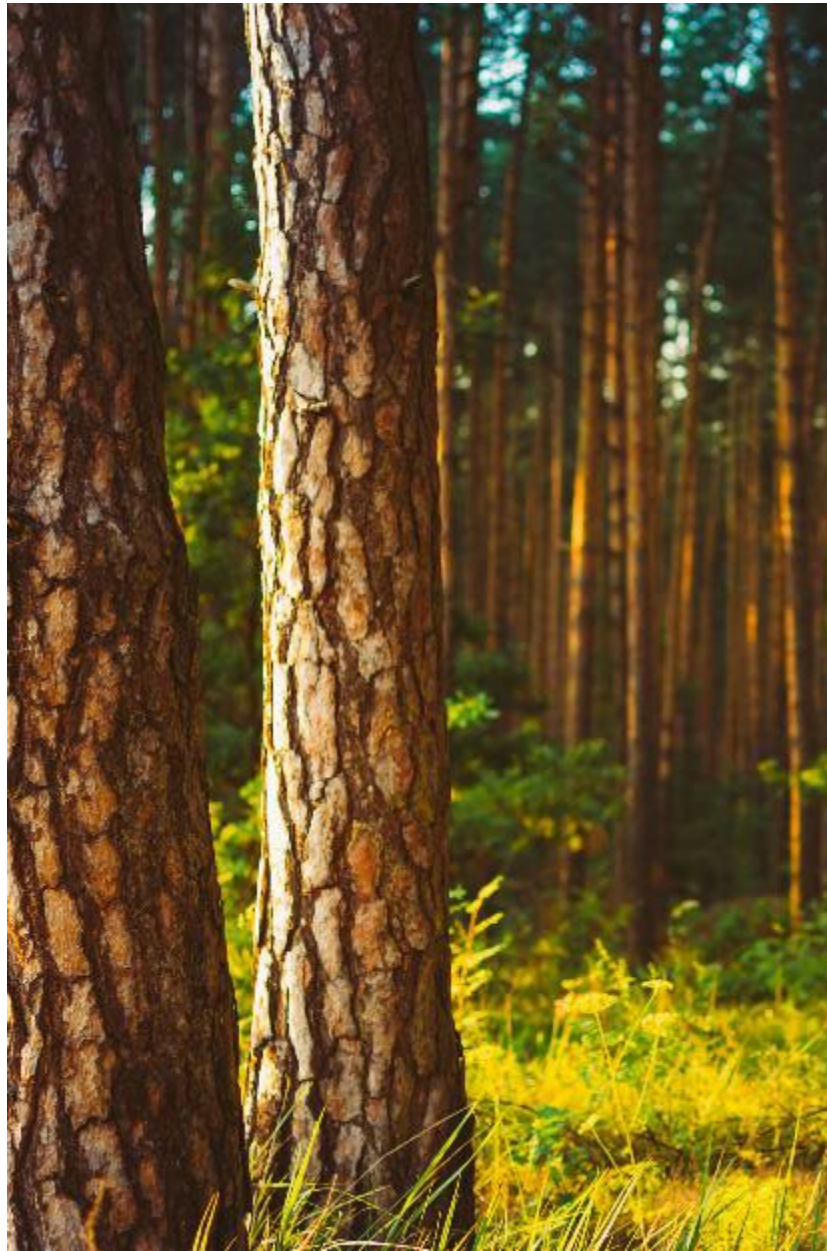




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Aluminium supply shocks and price impacts from the Middle East conflict

Laura Roberts, Strategic Markets Editor
Andy Farida, Senior Analyst

Supply shock shakes market

Qatari aluminium producer, **Qatalum** announced on March 12 it will operate at **60% capacity** going forward as a result of reduced gas supply from QatarEnergy. The plant has an annual nameplate capacity of **648,000 tonnes of primary aluminium** and an annual casthouse capacity of **687,000 tonnes**.

Emirates Global Aluminium (EGA)'s Al Taweelah smelter in Abu Dhabi was subject to an Iranian attack on March 28, which left the facility severely damaged, resulting in an **emergency shutdown of the operation**. EGA declared **force majeure** on its aluminium contracts on 13 April. It is expected a complete restoration of primary aluminium production will take up to 12 months. It had a nameplate capacity of **1.6 million tonnes**.

Aluminium Bahrain (Alba) was also hit by the same Iranian missile strike. Prior to this, Alba initiated a controlled shutdown of **three of its potlines** in mid-March, after declaring force majeure on some of its customer contracts earlier in the month. It cut 19% of its total annual capacity, equivalent to **308,370 tonnes**, it also cut production of all value-added products.



9%

The Middle East accounts for 9% of global aluminium production.

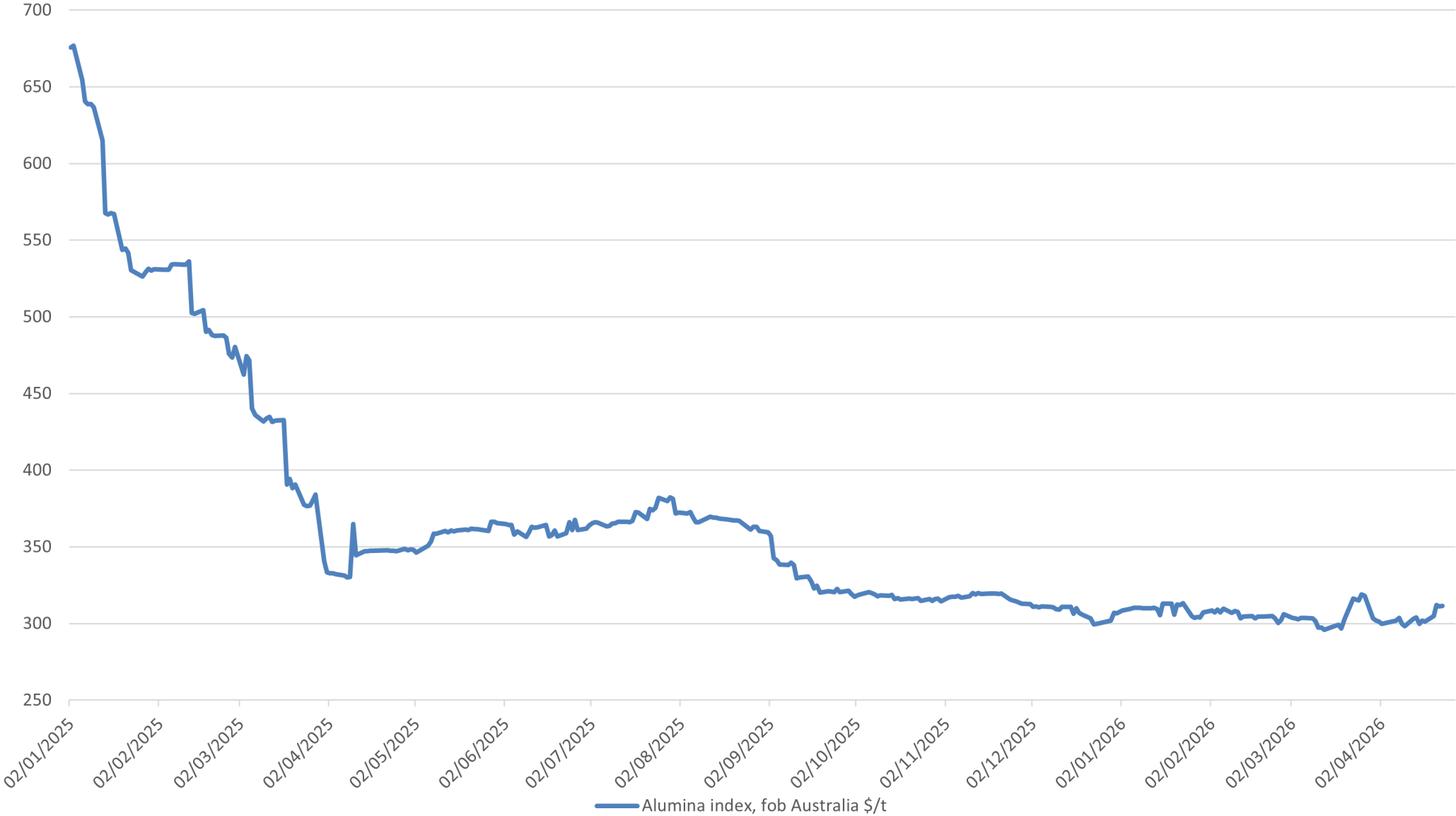
2.4 mln tonnes

Over 2 million tonnes of aluminium production has been lost since the outbreak of the US/Iran conflict.

Stability of alumina supply an ongoing concern for smelters



Market surplus pressures alumina prices



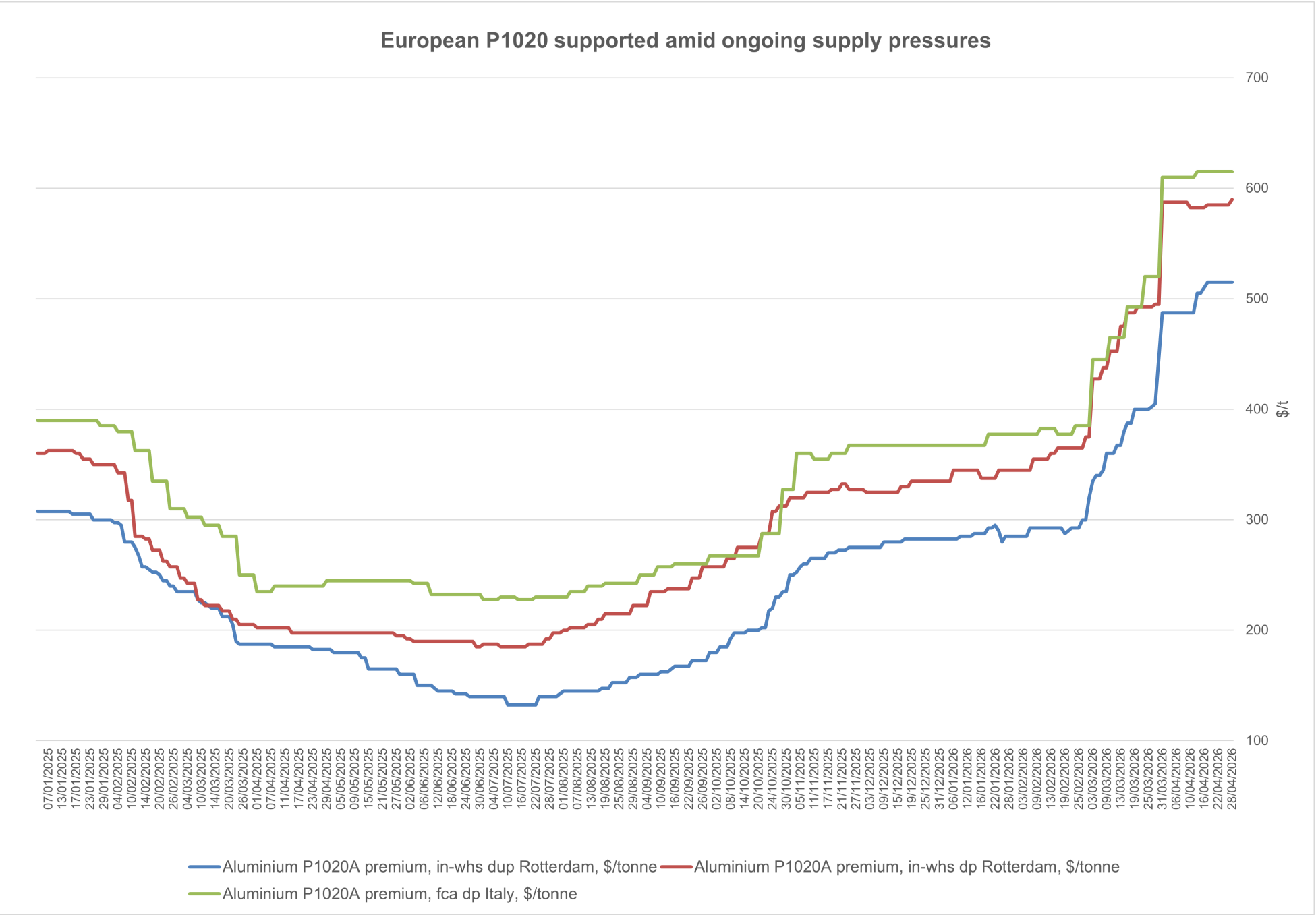
Middle East conflict exacerbates preexisting market surplus, with GGC smelters sending excess alumina into the spot market.

Logistical challenges in getting alumina to GCC smelters an ongoing obstacle.

Alumina fob WA index briefly falls below \$300 per tonne – a key resistance point – before rebounding to around \$310 per tonne.



European aluminium premiums rise amid tight supply

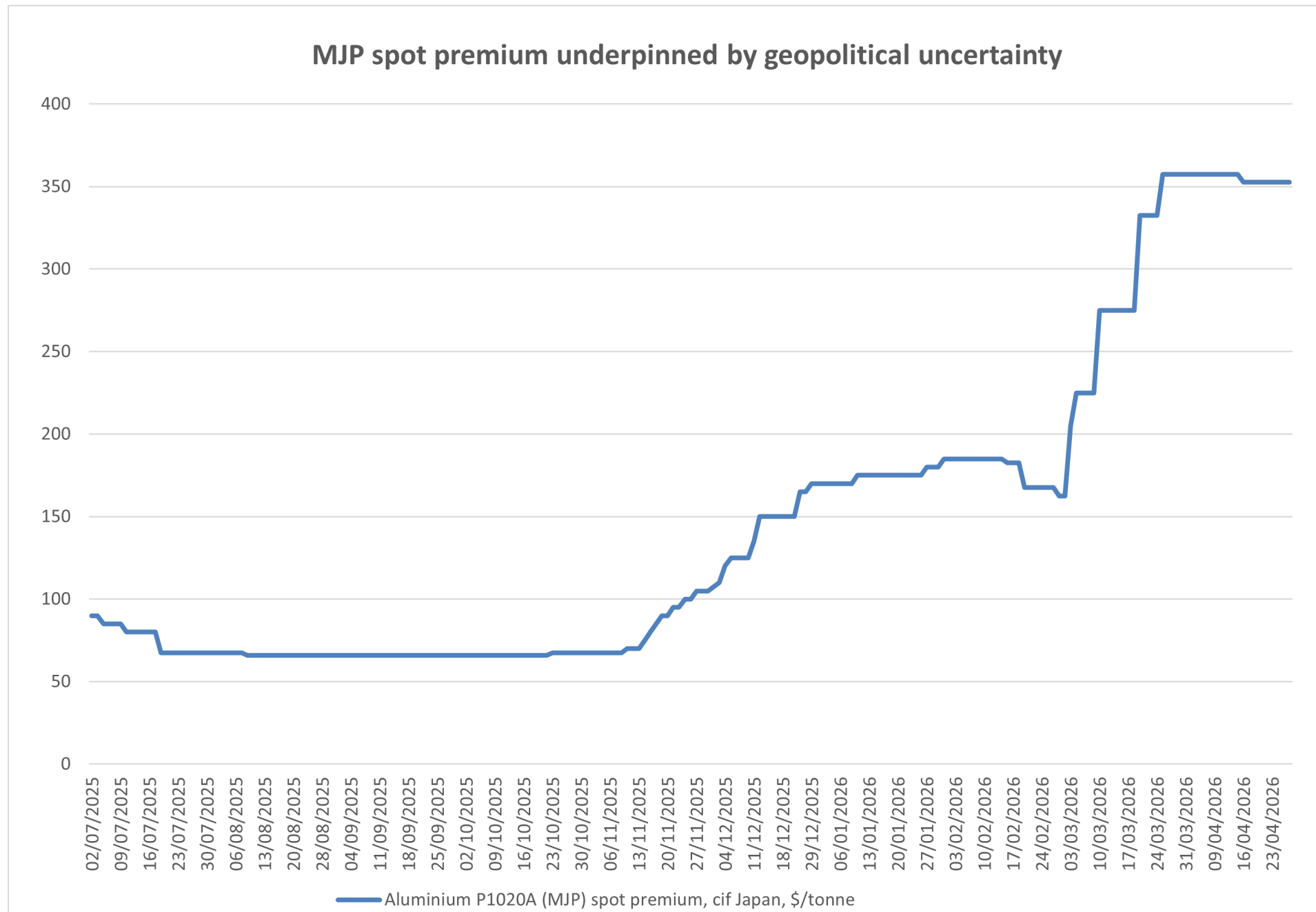


Rotterdam duty unpaid, duty paid and FCA Italy premiums all rise in response to acute supply tightness.

Sources note elevated premiums reflect Europe's vulnerability to a lack of Middle Eastern supply, adding there are few viable alternatives.

Lack of availability initially most apparent in the duty unpaid market, creating a narrower spread.

Bullish sentiment supports MJP premium



Conflict amplifies bullish sentiment in MJP market.

Geopolitical uncertainty and the closure of the Strait of Hormuz destabilize and disrupt supply flows.

Market participants in Japan actively looking for alternative supplies and are reportedly considering Russian material.



“

From a pricing perspective, the aluminium market remains highly headline-driven and at the mercy of developments emerging from the Middle East.

Andy Farida

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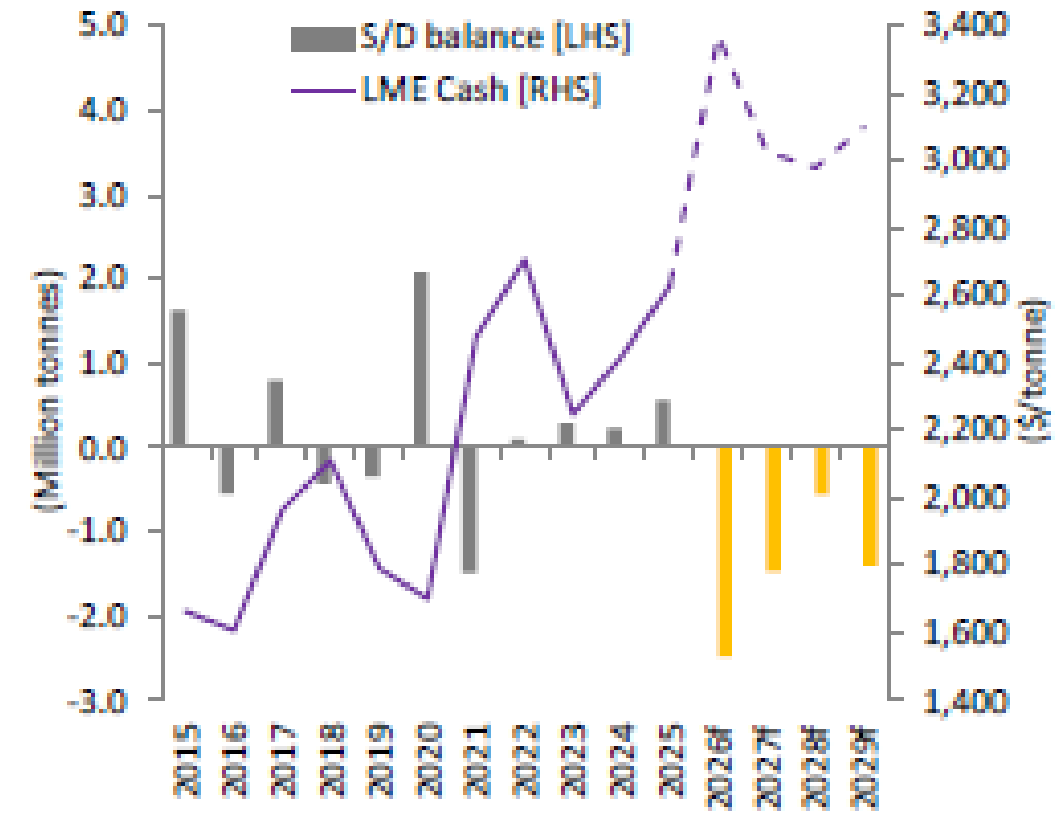
Global primary aluminium deficit to widen in 2026



World Primary Aluminium Supply/Demand Balance, Alu					
	2023	2024	2025	2026f	2027f
Regional Analysis ('000 tonnes)					
Production					
Africa	1,583	1,600	1,655	1,352	1,246
North America	4,119	3,967	3,917	4,015	4,034
Latin America	1,520	1,583	1,722	1,783	1,806
Asia (ex. China)	6,516	6,784	7,069	7,874	9,176
Western Europe	3,040	3,092	3,261	3,366	3,576
Eastern/Central Europe	4,104	4,074	3,993	4,060	4,060
Australasia	1,894	1,899	1,944	1,954	1,954
China	41,500	43,360	44,100	44,468	44,581
Middle East	6,109	6,128	6,151	3,445	4,897
Consumption					
North America	4,955	4,761	4,404	4,543	4,766
Latin America	1,834	1,954	1,940	1,982	2,060
Asia (ex. China)	9,673	9,761	10,026	10,320	10,704
Western Europe	5,855	5,795	5,839	5,916	6,089
Eastern/Central Europe	1,860	1,906	1,958	2,008	2,111
Oceania	339	338	339	339	345
China	42,834	44,986	45,901	46,766	47,691
MENA	2,451	2,452	2,536	2,613	2,717
Other Africa	301	305	307	312	321
World Analysis ('000 tonnes)					
Production	70,385	72,488	73,811	72,317	75,330
<i>y-on-y % change</i>	2.4%	3.0%	1.8%	-2.0%	4.2%
Consumption	70,102	72,259	73,251	74,799	76,805
<i>y-on-y % change</i>	2.2%	3.1%	1.4%	2.1%	2.7%
World Market Balance	283	228	560	(2,482)	(1,475)
Stock Analysis ('000 tonnes)					
Total Reported Stocks	988.5	988.5	988.5	-	-
Weeks' Consumption ⁽¹⁾	0.7	0.7	0.7	-	-
Total Stocks ⁽²⁾	14303.2	14531.6	15091.5	12608.3	11133.0
Weeks' Consumption ⁽¹⁾	10.6	10.5	10.7	8.8	7.6
LME Prices/Forecasts ⁽³⁾					
Cash (\$/tonne)	2251	2418	2630	3376	3030
Three-month (\$/tonne)	2,271	2,438	2,650	3,396	3,050
Alumina (\$/tonne)	344	502	386	305	308

Source: Fastmarkets, IAI, LME, WBMS

Aluminium balance & price forecast



Source: Fastmarkets

For 2026, we now expect a **deficit** of 2.5 million tonnes, but it could be revised again (subject to a potential demand shock in the 2nd half of 2026).

2026	Q1	Q2	Q3	Q4
Cash (\$/tonne) Forecasts	\$3,194	\$3,604	\$3,440	\$3,266

2026 Notes: (1) Based on total world consumption. (2) Includes other reported stocks and Fastmarkets' estir LME trading day.



2026 speculative outlook being a US Midterm year



So far, the 2022 price structure offers the closest replica compared to that seen in 2018.

Both the 2022 and 2026 price structure indicate that price may have hit a significant high.

Price structure starts to get volatile going into May, and the trend to the downside starts to dominate after May.

Aluminium price outlook



LME ALUMINIUM 3M BM - MONTHLY

January 2026

Andy Farida



Global aluminium premiums diverging



Howard Lutnick sent to start US-Canada trade deal negotiations in July – USMCA.

The timing would coincide with a potential trade deal before the November mid-term elections (which the administration will use that as a win for their poll ratings).

CBAM inclusive Rotterdam DP premium could target \$600



Aluminium P1020A, in-whs dp Rotterdam premium & forecast



Forecasts Actual Description Create Spread

Settings



MJP could target \$300, then \$500?



Aluminium P1020A (MJP), cif Japan spot premium & forecast



Forecasts Actual Symbol Create Spread

Settings

MB-AL-0343

??

April 2026

Upside target around \$400-\$450



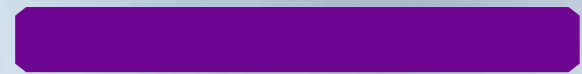
1D 1W 1M 3M 6M 1Y MAX



Conclusion

- LME aluminium price and premiums are currently pricing in the **Supply Shock** from the recent geopolitical tension in the Middle East.
- This **Supply Shock** translate into **higher** prices and premiums in the first half of 2026.
- However, a **Demand Shock** may be around the corner and that could put fresh selling pressure in the second half of 2026.
- While our supply/demand balance has been revised to a 2.5 million tonnes deficit, this could change if demand destructions due to high commodity prices made its impact felt.
- Even though the **megatrends** such as AI, high-tech goods and renewable energy sectors continue to show robust demand outlook, it is the **traditional** sectors such as automotive, construction, manufacturing and consumer durables that are likely to take the brunt of lower demand.

Thank you



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