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September 11, 2018

MARKET ANALYSIS

Base metals noted mixed movement yesterday amid mixed cues. On weaker note prices came under pressure capped the downside.

The metals pack trades sideways to lower in early trades today amid lack of fresh triggers. On weaker note prices may continue to remain under pressure amid escalating trade war between US-China which in turn has raised fears of demand for base metals.

In latest development on trade front, China's foreign ministry said on Monday that the nation will respond if the US takes any new steps on trade. This follows US President Trump's threat that he will impose tariff on additional \$267 billion of goods over and above the 200 billion worth of imports; which would virtually mean all of Chinese imports to US.

Prices may further come under pressure tracking concerns of slowdown in top consumer China; which in conjunction with trade war with US means bleak demand outlook for metals from the region; along with mixed trend in global equity market and general uptrend in US Dollar.

Asian equity markets trade mix in early trades today following mixed movement in US indices yesterday. On weaker note lingering trade war worries and emerging market turmoil may continue to weigh on the sentiments.

Meanwhile US Dollar Index trades steady in early trades today following 0.2% decline yesterday. US dollar fell majorly against GBP and Euro yesterday. The pound rose amid hints a Brexit deal might be nearer along with upbeat GDP data. The Dollar may however continue to seek support from increased safe haven buying, general optimism over US economic health and expectation of two more rate hike this year by US Fed.

The metals pack may note choppy movement today however overall bias for most metals remains weak. With no major data due today from US focus will be on movement in US Dollar and global equity market. Also focus will be on development related to US trade policies related to China and Canada its impact on general sentiment.

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MCX India (Rs/kg)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	28-Sep-18	151.60	146.55	149.95	2.75	1.87%
Copper	30-Nov-18	427.50	421.80	426.80	4.20	0.99%
Lead	28-Sep-18	151.20	146.20	146.40	-1.85	-1.25%
Nickel	28-Sep-18	904.60	888.10	900.80	12.10	1.36%
Zinc	28-Sep-18	175.95	172.40	172.70	-1.15	-0.66%

COMEX (USD cents/lb)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	Sep-18	261.55	258.60	261.05	0.70	0.27%
Copper	Oct-18	263.65	260.25	262.80	0.55	0.21%
Copper	Nov-18	265.60	262.35	264.85	0.60	0.23%

LME (USD/tonne)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	3 Month	2109.0	2035.5	2095.0	25.0	1.21%
Copper	3 Month	5910.2	5850.0	5910.0	-23.0	-0.39%
Lead	3 Month	2093.0	2015.5	2028.0	-50.0	-2.41%
Nickel	3 Month	12500.0	12255.0	12410.0	55.0	0.45%
Zinc	3 Month	2423.5	2362.0	2381.0	-39.0	-1.61%

LME Inventories

Commodity	Opening Stocks	Closing Stocks	Net Change	Total C/W*	C/W Ratio*
Aluminium	1061575	1059825	-1750	294800	27.82%
Copper	246175	238750	-7425	90550	37.93%
Lead	121400	120500	-900	69075	57.32%
Nickel	236250	237066	816	53880	22.73%
Zinc	232800	229550	-3250	61825	26.93%

*C/W- Cancelled Warrants

Major Currencies

Currency	Type	Close	PCP	Change	% Change
USD Index	Spot	95.15	95.365	-0.21	-0.23%
EUR USD	Spot	1.1601	1.1553	0.005	0.42%
GBP USD	Spot	1.3029	1.292	0.011	0.84%
USD JPY	Spot	111.13	110.99	0.14	0.13%
USD INR	Spot	72.4575	71.7363	0.721	1.01%

MCX Copper Options

Option Type	Agg. Vol (Lots)	Δ Volume	Agg. Vol (Lacs)	Δ Volume	Total OI (Lots)	Δ OI
Call	87	-44.2%	386.82	-44.5%	265	4.3%
Put	59	-72.8%	253.5	-72.7%	421	0.2%
Total	146	-60.9%	640.32	-60.6%	686	1.8%

MCX Zinc Options

Option Type	Agg. Vol (Lots)	Δ Volume	Agg. Vol (Lacs)	Δ Volume	Total OI (Lots)	Δ OI
Call	14	0.0%	131.65	3.1%	93	2.2%
Put	13	62.5%	108.28	55.3%	91	9.6%
Total	27	22.7%	239.93	21.5%	184	5.7%



Outlook

Copper- MCX Copper may note choppy movement tracking cues from international exchange. LME Copper trades little changed in early trades today following 0.4% decline yesterday. On weaker note putting pressure on the prices is linger trade war worries along with growth worries in China, general uptrend in US Dollar and mixed trend in equity market. The downside may be capped amid falling stocks at exchange warehouses. The metal may note mixed movement today amid mixed cues however overall bias remains weak.

Aluminum- MCX Aluminum may note some decline tracking cues from international exchange however downside may be capped. LME Aluminium trades 0.5% lower following 1.2% gains yesterday. Putting pressure on the prices is trade war worries and growth worries in China. Also weighing on the prices is signs of ample supplies in physical market as is evident from widening contango between LME Cash to three month. The contango between LME Cash to three month widened to \$37.75 yesterday; highest since October 2015. The downside may however be capped amid falling stocks at exchange warehouses and renewed supply worries from Rusal as the company is said to prepare itself for production cuts following lack of progress over lifting of US sanctions ahead of 23rd Oct deadline. The metal may note mixed movement today amid mixed cues however overall bias remains positive.

Zinc- MCX Zinc may note mixed movement today tracking cues from international exchange however bias remains weak. LME Zinc trades modestly lower following 1.6% decline yesterday. Putting pressure on the prices is bleak risk appetite amid growing trade war worries along with growth worries in China and mixed trend in equity market. The downside may however be capped amid recent decline in stocks at LME and signs of supply squeeze in China.

Nickel- MCX Nickel may note mixed movement today tracking cues from LME however overall bias remains weak. LME Nickel trades little changed today following 0.45% gains yesterday. On positive note supporting prices is falling stocks at LME warehouses. However escalating trade war worries along with growth worries in China may cap the upside. The upside may also be capped amid signs of ample supplies in physical market.

Lead- MCX Lead may trade with a weaker bias today tracking cues from international exchange. LME Lead trades 0.9% lower today following 2.4% slide yesterday. Putting pressure on the prices is escalating trade war worries and growth worries in China. The downside may however be capped amid decline in stocks at exchange warehouses. The metal may note mixed movement today amid mixed cues however overall bias remains weak.

Commodity	Support	Resistance	Trend
Aluminium	147	152	Positive
Copper	423	429	Sideways
Lead	143	148	Sideways
Nickel	890	910	Sideways
Zinc	171	174.5	Sideways





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