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June 19, 2018

## MARKET ANALYSIS

Base metals noted volatile movement yesterday. On weaker note prices came under pressure tracking trade worries and weakness in equity market however retreat in US Dollar capped the downside.

The metals pack trade sideways to lower in early trades today after yesterday's volatile movement. Putting pressure on the prices is escalating trade worries between China and US which have dented global risk appetite and led to sharp decline in global equity indices.

Fears of escalating trade war between China and US have risen after US President Trump threatened new tariffs on Chinese goods. Trump warned on Monday that US would impose a 10% tariff on additional \$200 billion of Chinese goods after Beijing's decision to raise tariffs on \$50 billion in US goods, which was in retaliation for US tariffs announced on Friday. These growing trade worries have dented global sentiments and led to selloff across global equity market. Asian equity indices trades sharply lower in early trade today tracking overnight weakness in US markets.

Prices may further come under pressure tracking growth worries in top consumer China which in turn may dent demand outlook from the nation.

The downside may however be capped amid retreat in US Dollar. US Dollar Index trades modestly lower in early trades today and has come off the 7 month high hit last week. The currency has come under pressure amid rising threat of US led global trade war however divergent monetary policy by US Fed and central banks of other major economies may continue to lend support.

The metals pack may witness choppy trade today the bias for most metals may be weak tracking escalating trade worries along with demand worries from China. Focus today will be on US data along with comments by ECB Chief Draghi and its impact on US Dollar. Also focus will be on any development related trade policies between US – China and its impact on global sentiment.

### June 18, 2018

#### MCX India (Rs/kg)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	29-Jun-18	152.70	150.45	152.45	0.50	0.33%
Copper	29-Jun-18	473.75	466.10	468.75	-5.15	-1.09%
Lead	29-Jun-18	166.20	162.35	165.80	2.00	1.22%
Nickel	29-Jun-18	1040.00	1014.00	1016.60	-13.60	-1.32%
Zinc	29-Jun-18	212.30	210.10	210.90	-1.10	-0.52%

#### Shanghai (Yuan/MT)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	Jun-18	53430	52920	53090	-260	-0.49%
Copper	Jul-18	53520	53060	53310	-270	-0.50%
Copper	Aug-18	53720	53230	53510	-290	-0.54%

#### COMEX (USD cents/lb)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	Jun-18	315.15	309.65	310.65	-3.80	-1.21%
Copper	Jul-18	317.30	311.85	312.90	-3.70	-1.17%
Copper	Aug-18	319.70	314.65	315.60	-3.65	-1.14%

#### LME (USD/tonne)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	3 Month	2228.5	2193.5	2219.5	15.5	0.70%
Copper	3 Month	7027.5	6886.8	6964.0	-56.0	-0.80%
Lead	3 Month	2444.5	2392.5	2433.5	28.5	1.19%
Nickel	3 Month	15335.0	14925.0	14975.0	-210.0	-1.38%
Zinc	3 Month	3091.0	3059.0	3067.0	-13.0	-0.42%

#### LME Inventories

Commodity	Opening Stocks	Closing Stocks	Net Change	Total C/W*	C/W Ratio*
Aluminium	1142600	1139575	-3025	231825	20.34%
Copper	294700	294275	-425	47900	16.28%
Lead	131875	131600	-275	45550	34.61%
Nickel	276384	275712	-672	64686	23.46%
Zinc	241450	245375	3925	8925	3.64%

\*C/W- Cancelled Warrants

#### Major Currencies

Currency	Type	Close	PCP	Change	% Change
USD Index	Spot	94.756	94.788	-0.03	-0.03%
EUR USD	Spot	1.1605	1.161	0.000	-0.04%
GBP USD	Spot	1.3241	1.3278	-0.004	-0.28%
USD JPY	Spot	110.46	110.66	-0.20	-0.18%
USD INR	Spot	67.9888	68.0175	-0.029	-0.04%

#### MCX Copper Options

Option Type	Agg. Vol (Lots)	Δ Volume	Agg. Vol (Lacs)	Δ Volume	Total OI (Lots)	Δ OI
Call	1255	81%	6024.47	78%	1148	23%
Put	901	15%	4259.93	13%	1307	-13%
Total	2156	46%	10284.4	44%	2455	0%



## Outlook

**Copper-** MCX Copper may note some decline tracking cues from international exchange. LME Copper trades modestly lower today extending yesterday's 0.8% decline. Putting pressure on the prices is escalating trade worries between China and US along with sharp slide in global equity market. Also putting pressure is demand worries from top consumer China. The downside may however be capped amid modest decline in US Dollar along with falling stocks at exchange warehouses. Copper stocks at LME fell by 425 tonnes yesterday. The metal may trade sideways to lower today amid bleak global sentiment with further cues coming in from US data and development related to trade policies between China and US.

**Aluminum-** MCX Aluminum may note choppy movement today tracking cues from international exchange. LME Aluminum trades little changed today following 0.7% gains yesterday. The metal rose yesterday seeking support from retreat in US Dollar and falling stocks at exchange warehouses. The gains may however be capped amid escalating trade worries between US and China along with growth worries in China. Meanwhile on fundamental front prices jump in China's metal production may too cap the upside. The metal may note mixed movement today amid mixed cues however overall bias remains weak.

**Zinc-** MCX Zinc may note some choppy movement today tracking cues from international exchange however overall bias may be weak. LME Zinc trades modestly lower in early trades today following 0.4% decline yesterday. Putting pressure on the prices is weak risk appetite as is evident from sell off in equity market amid trade worries. Also putting pressure is growth worries in China along with rise in stocks and decline in cancel warrants at LME yesterday. Zinc stocks at LME rose by 3925 tonnes yesterday whilst cancel warrants eased to 3.64% from Friday's 7.14%. However retreat in US Dollar and tightening spreads on LME may cap the downside. LME Zinc Cash traded at a premium of \$40 to three month prices yesterday; highest since Feb 2018.

**Nickel-** MCX Nickel may note mixed movement tracking cues from international exchange. LME Nickel trades modestly higher in early trades today as prices take breather after yesterday's 1.4% slide. Also supporting prices is modest decline in US Dollar along with falling stocks at exchange

warehouses and expectation of robust demand from stainless steel and electric vehicle sector. The gains may however be capped amid bleak sentiment due to trade worries and growth worries in China. The metal may note mixed movement today amid mixed cues however overall bias remains positive.

**Lead-** MCX Lead may note mixed movement tracking cues from international exchange however sell on rise is suggested. LME Lead trades little changed in early trades today following 1.2% gains yesterday. The metal is seeking support from retreat in US Dollar along with decline in stocks at LME and jump in cancel warrants ratio. Lead stocks at LME fell by 275 tonnes yesterday while cancel warrants rose to 34.6% from Friday's 30.6%. The gains may however be capped amid weak risk appetite due to escalating trade worries along with growth worries in China. Also capping the upside is signs of ample supplies in physical market. The metal may note mixed movement today amid mixed cues however bias may be weak in sync with other metals.

Commodity	Support	Resistance	Trend
Aluminium	150.5	153.5	Sideways
Copper	462	472	Negative
Lead	164	167	Sideways
Nickel	1005	1035	Sideways
Zinc	208.5	212.5	Sideways





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