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July 24, 2018

MARKET ANALYSIS

Most Base metals ended on a lower note yesterday tracking recovery in US Dollar from the lows along with lingering trade war worries.

Most Base metals are trading sideways to higher in early trades today led by more than 0.5% gains in Copper prices. Lending support to the prices is gains across global equity markets.

Asian equity markets are trading with a positive bias in early trades today even as US equities ended mixed yesterday. Chinese indices are seeking support from news that Beijing would adopt a more "vigorous" fiscal policy, including company tax cuts.

The gains may however be capped amid worries over global trade war along with rebound in US Dollar and growth worries in top consumer China.

Tensions related to trade war between US – China persist after Trump last week up the trade rhetoric by saying he was ready to impose tariffs on all \$500 billion of imported goods from China.

Meanwhile US Dollar trades little changed in early trades today following modest gains yesterday. The index that had hit lows of 94.207 yesterday has rebounded to trade near 94.638. The currency is seeking support from rise in US Treasury yields amid expectation of two more rate hike by US Fed later this year. The gains may be capped amid recent mixed data from US and President Trump's criticism over Fed's tightening policy and displeasure over Dollar's strength.

The metals pack may note mixed movement today amid mixed cues however overall bias for most metals remains weak tracking escalating trade war worries and its impact on global sentiment. Further cues will come in from macro-economic data from US and Euro Zone and its impact on US Dollar. Also focus will be on trade policies and its impact on general sentiment.

July 23, 2018

MCX India (Rs/kg)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	31-Jul-18	143.70	140.05	141.80	1.15	0.82%
Copper	31-Aug-18	424.00	418.75	420.05	-0.30	-0.07%
Lead	31-Jul-18	148.75	145.50	146.00	-0.35	-0.24%
Nickel	31-Jul-18	934.20	916.80	918.40	-7.90	-0.85%
Zinc	31-Jul-18	182.00	177.20	177.35	-2.00	-1.12%

Shanghai (Yuan/MT)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	Jul-18	49050	48520	48770	480	0.99%
Copper	Aug-18	49170	48600	48870	530	1.10%
Copper	Sep-18	49210	48670	48910	520	1.07%

COMEX (USD cents/lb)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	Jul-18	274.90	273.00	273.70	-0.90	-0.33%
Copper	Aug-18	277.65	273.40	274.65	-0.95	-0.34%
Copper	Sep-18	279.60	275.65	276.70	-1.00	-0.36%

LME (USD/tonne)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	3 Month	2084.0	2029.0	2069.0	40.0	1.97%
Copper	3 Month	6205.5	6118.0	6130.0	-17.5	-0.28%
Lead	3 Month	2174.5	2123.5	2134.0	-1.0	-0.05%
Nickel	3 Month	13640.0	13350.0	13400.0	-130.0	-0.96%
Zinc	3 Month	2620.0	2525.0	2555.0	-20.0	-0.78%

LME Inventories

Commodity	Opening Stocks	Closing Stocks	Net Change	Total C/W*	C/W Ratio*
Aluminium	1208400	1209275	875	197550	16.34%
Copper	255325	254700	-625	32600	12.80%
Lead	128275	127375	-900	62525	49.09%
Nickel	259266	260718	1452	65868	25.26%
Zinc	233200	250400	17200	29375	11.73%

*C/W- Cancelled Warrants

Major Currencies

Currency	Type	Close	PCP	Change	% Change
USD Index	Spot	94.632	94.476	0.16	0.17%
EUR USD	Spot	1.17	1.1724	-0.002	-0.20%
GBP USD	Spot	1.3106	1.3136	-0.003	-0.23%
USD JPY	Spot	111.43	111.41	0.02	0.02%
USD INR	Spot	68.8625	68.8488	0.014	0.02%

MCX Copper Options

Option Type	Agg. Vol (Lots)	Δ Volume	Agg. Vol (Lacs)	Δ Volume	Total OI (Lots)	Δ OI
Call	186	3.3%	817.61	3.2%	1200	0.6%
Put	113	27.0%	479.03	23.3%	633	4.1%
Total	299	11.2%	1296.64	9.8%	1833	1.8%



Outlook

Copper- MCX Copper may note some gains today tracking cues from international exchange however the upside may be capped. LME Copper trades higher in early trades today following modest decline yesterday. Supporting prices is gains in equity market along with falling stocks at exchange warehouses and growing worries over possible supply disruption. Threat of labour action at world’s largest Copper mine – Escondida is rising after labour negotiations between the union and the owner BHP Billiton are deadlocked without signs of progress toward an agreement with just a week before the current contract expires. The gains may be capped amid lingering trade war worries along with growth worries in China and rebound in US Dollar. The metal may note choppy movement today tracking mixed cues however overall bias remains weak.

Aluminum- MCX Aluminum may note choppy movement today tracking cues from international exchange however sell on rise is suggested. LME Aluminum trades modestly lower today following 2% gains yesterday. Putting pressure on the prices is bleak macro factors along with recent rise in stocks at LME, jump in Chinese output and easing worries over supply from Rusal. The downside may be capped amid gains in equity market and rise in cancel warrants at LME. Aluminium stocks at LME rose by 875 tonnes yesterday however cancel warrants rose to 16.3% from Friday’s 13.77%.

Zinc- MCX Zinc may note choppy movement today tracking cues from international exchange. LME Zinc trades modestly higher today following 0.8% decline yesterday. Supporting prices is gains in equity market. The gains may however be capped amid trade war worries along with demand worries from China. Prices may further come under pressure tracking recovery in US Dollar and 17200 tonnes jump in stocks at LME warehouses yesterday. The metal may note volatile movement today however overall bias remains weak.

Nickel- MCX Nickel too may note choppy movement today tracking cues from international exchange however overall sell on rise is suggested. LME Nickel trades little changed in early trades today following nearly 1% slide yesterday. Weighing on prices is lingering trade war worries and growth worries in China. Also putting pressure is modest gains in US Dollar and widening contango between LME Cash to three

month signaling ample supplies in physical market. The discount between LME Cash to three month rose to \$99 yesterday; highest since Feb 2012. The downside may be capped amid gains in equity market and falling stocks at exchange warehouses. Nickel stocks at LME rose by 1452 tonnes yesterday.

Lead- MCX Lead too may note mixed movement today tracking cues from international exchange however overall bias remains weak. LME Lead trades little changed in early trades following flat close yesterday. On weaker note prices may come under pressure tracking bleak macro factors including gains in US Dollar. Also putting pressure is recent rise in stocks at exchange warehouses and widening contango between LME Cash to three month signaling ample supplies in physical market. Lead stocks at LME fell by 900 tonnes yesterday. The downside may be capped amid gains in equity market.

Commodity	Support	Resistance	Trend
Aluminium	140	143.5	Sideways
Copper	418	426	Sideways
Lead	144.5	148	Sideways
Nickel	910	930	Sideways
Zinc	174	180.5	Sideways





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