

Special Monthly Report on

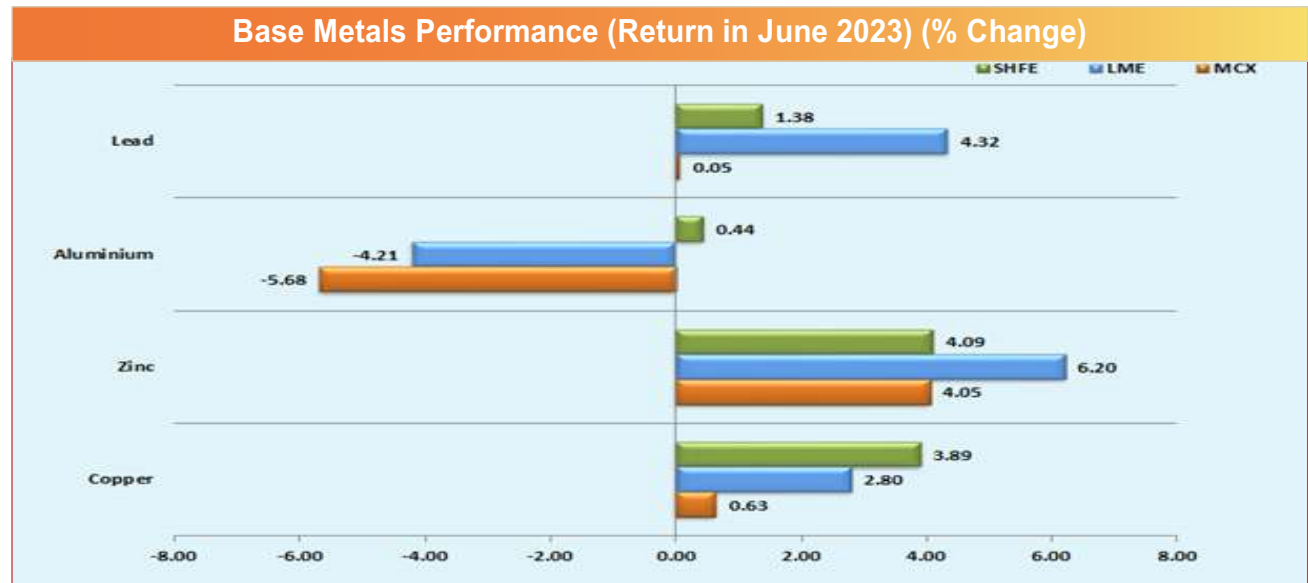
# BASE METALS

JULY 2023

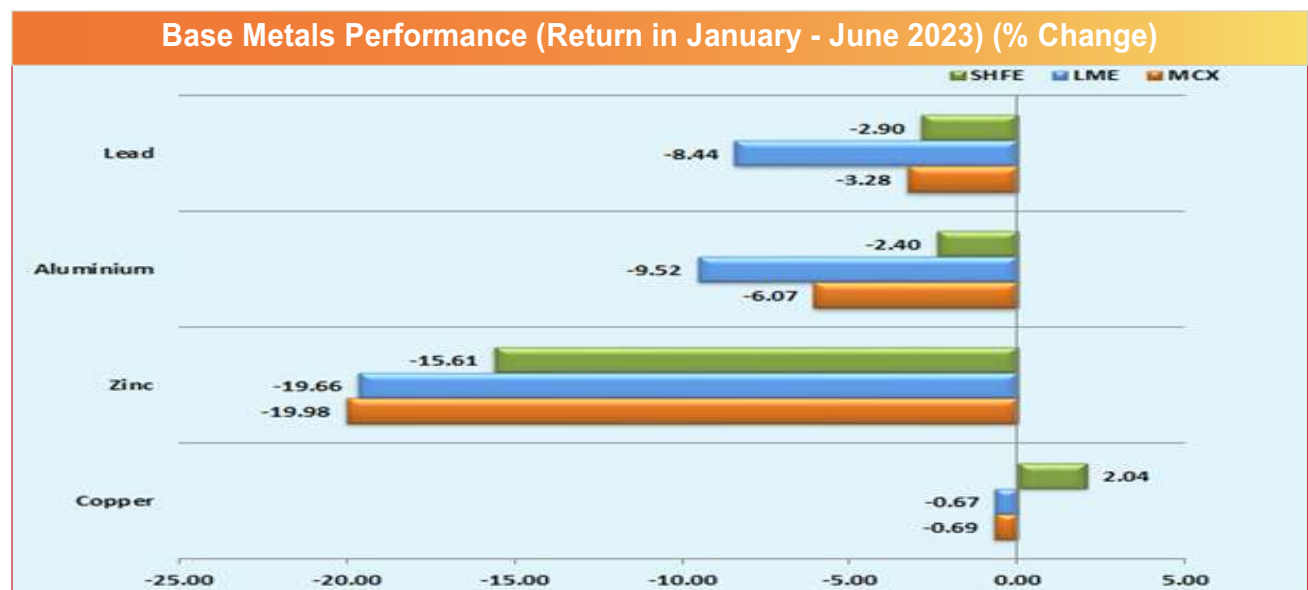


• ALUMINIUM • COPPER • LEAD • ZINC

Base metals experienced monthly gains driven by hopes of Chinese stimulus measures. However, they recorded their largest quarterly decline since September due to weak Chinese data and expectations of additional interest rate hikes. On LME, Copper climbed almost 3% in June, but posted the biggest quarterly fall since September 2022 on weak Chinese data, the sluggish pace of metals demand recovery and concerns over global economic growth. China's economic recovery after Covid-19 has disappointed with hopes for a demand boost now fading. China factory activity declined for a third straight month in June and weakness in other sectors deepened, official surveys showed, adding pressure for authorities to do more to shore up growth. Zinc has been the second worst performer across LME base metals, down 19.5% year-to-date. But it has been best performer in June. Aluminium also registered first quarterly drop since July-September 2022.



Source: SMC Research & Reuters



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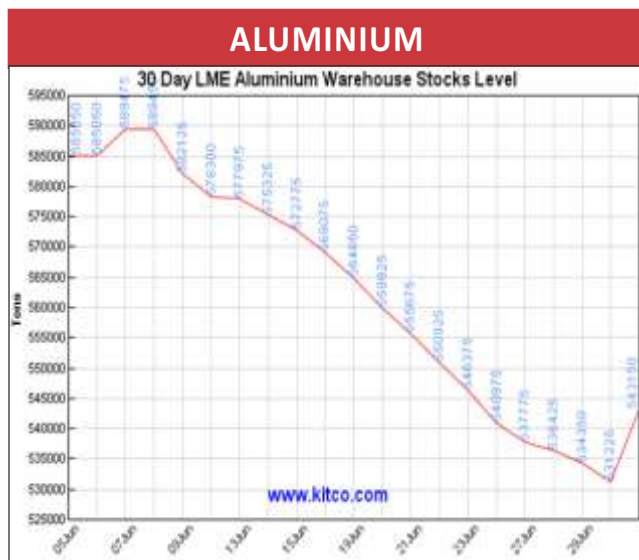
#### Outlook

- Base metals prices may trade in different direction on mixed fundamentals the growing fear of global recession, tepid demand in top consumer China while hopes of more stimuli to bolster economic growth in China may provide some support. Prices are expected to stay volatile in this months impacted by dollar moves and investor sentiment towards China's manufacturing and construction sectors.
- The market will closely monitor developments in China's stimulus efforts and the broader global economic landscape to gauge the future trajectory of base metal prices.
- In the euro zone and United States manufacturing activity slumped in June to levels last seen when the global economy was reeling from the initial wave of the COVID-19 pandemic and lockdowns.
- China's economic growth has slowed in recent months, raising hopes for stimulus. The country plans to promote household consumption and has pledged more steps to boost demand.
- Surveys of purchasing managers in China's manufacturing sector suggest that the world's second-largest economy lost momentum in the second quarter as demand weakened.
- Combined copper stockpiles in LME, SHFE, COMEX and China bonded warehouses were last at 225,018 tons, down 55% from

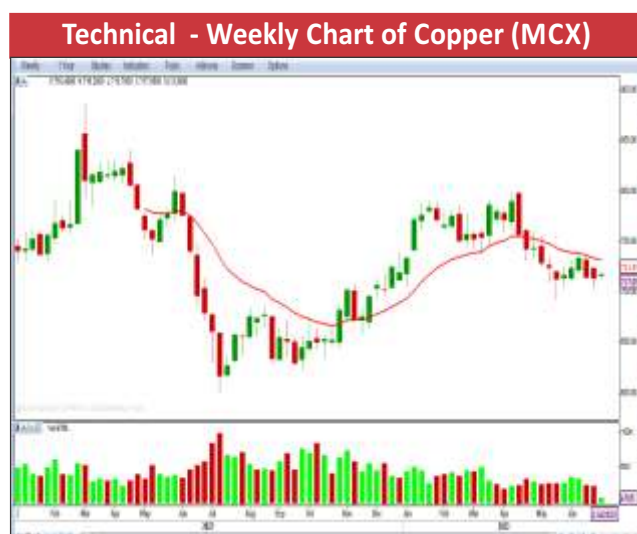
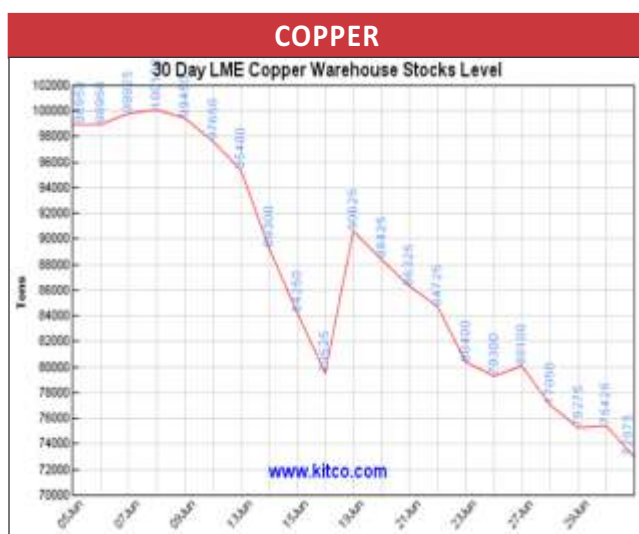
March and equivalent to only three days of global copper consumption in 2022, Refinitiv Eikon data showed.

- Global copper smelting activity fell in June, resuming a downtrend seen earlier this year, data from satellite surveillance of metal processing plants showed, despite activity in China rising to its highest level since January 2021.
- Aluminium smelters in China's southwestern Yunnan province have started to ramp up production as curbs on power usage are relaxed after a recent recovery in hydropower output.
- Zinc and lead both have recently seen more arrivals in the LME warehouse system but the increases have been modest and not yet enough to generate a sustained rebuild in inventory from what have been extremely depleted levels.

### BASE METAL MONTHLY TECHNICAL REPORT



Aluminium Future at the MCX platform has settled flat at 195.85 on last week. After breached the support of 205 levels, prices has been slipped and made the low 194.50. Now the prices have been trading below the 18 day moving averages of 200. The short term immediate resistance is seen around 206, sustainable trade above 206 can see the upside move towards 212/220 and if it breaks the immediate support line of 194.50, then it can see the downside move towards 187/180 respectively. Overall, the commodity is expected to move lower from its resistance levels. Thus, we recommend selling at its higher levels in the current month.



Copper futures at the MCX platform has settled little lower at 713.75 on the previous week from the previous closing price of 714.60. The prices have been traded between the weekly trend line support and resistance of 700 to 800. Now the immediate resistance is seen around 740. If the price will sustain above 740 levels, it can continue to move upside towards the next resistance of 765/785. If the price has failed to sustain above the resistance of 740, then we can see again the downside move towards 690/675 again. Overall, the commodity is expected to move lower from its resistance levels.

# LEAD



Lead future at the MCX platform has settled little lower at 182.60 on the previous week. At present prices are trading near the daily 18 EMA levels of 183. The Momentum Oscillator Stochastic (14,3,3) is now witnessing positive divergence and also providing bullish trend for short to medium term basis. Now the crucial resistance is seen at 186, sustainable trade above this level will see the good upside move towards 192/200 in this month and if the prices has sustain below the support level of 178.80 levels then can see the downside move towards 174/169 respectively.

# ZINC



Zinc future at the MCX platform has settled flat at 214.45 on the previous week. At present prices are trading below the daily 200 EMA levels 255.50 and below the weekly sloping trend line support levels of 240. As per the chart pattern bullish hammer pattern has observed in the last month. So we can expect the good rally towards 225/240 if it sustains above 217 levels. Now the immediate support is seen around 210, If the price will sustain below the support levels of 210 then we can see further downside moves towards 195/180 levels respectively. But the view will be intact until the recent low, 210 is not interrupted.

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