

Special Monthly Report on

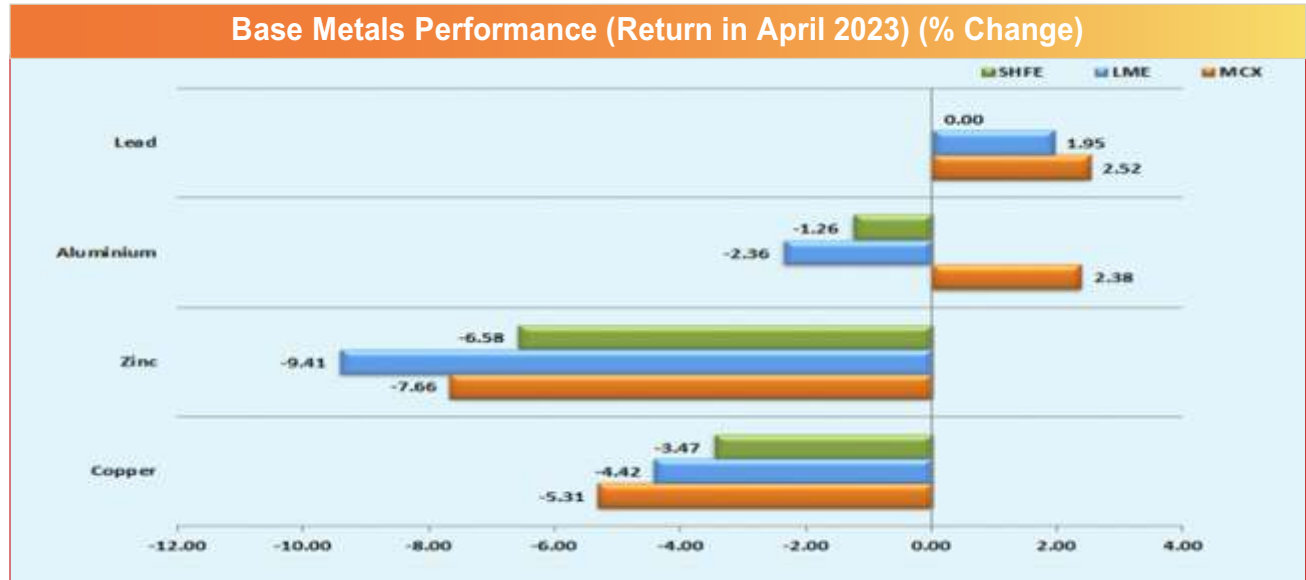
# BASE METALS

MAY 2023

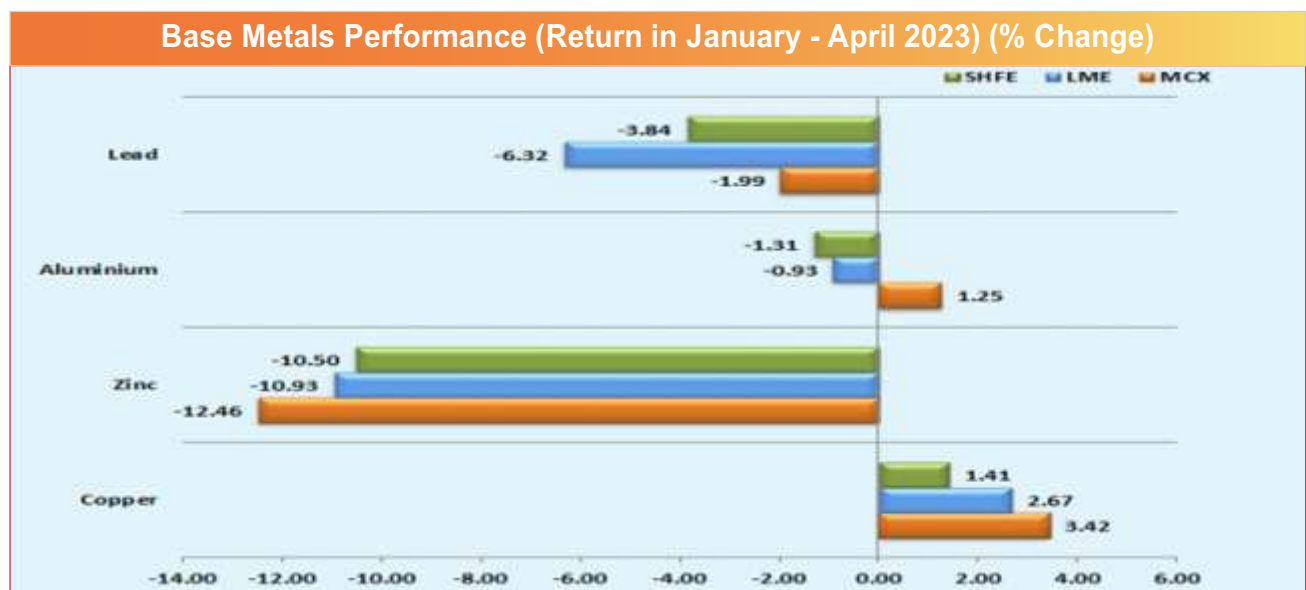


• ALUMINIUM • COPPER • LEAD • ZINC

On LME, Copper suffered a 4.4% slump in April, its biggest monthly loss since June, pressured by the sluggish pace of metals demand recovery in China despite shedding strict COVID-19 restrictions. China's manufacturing activity unexpectedly shrank in April, official data showed, raising pressure on policymakers seeking to boost an economy struggling for a post-COVID lift-off amid subdued global demand and persistent property weakness. A weaker than expected demand recovery in China are pressuring on base metals prices, where services expanded but manufacturing contracted in April, and fast-rising interest rates in the United States and other countries that have caused a string of U.S. bank failures.



Source: SMC Research & Reuters



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## Outlook

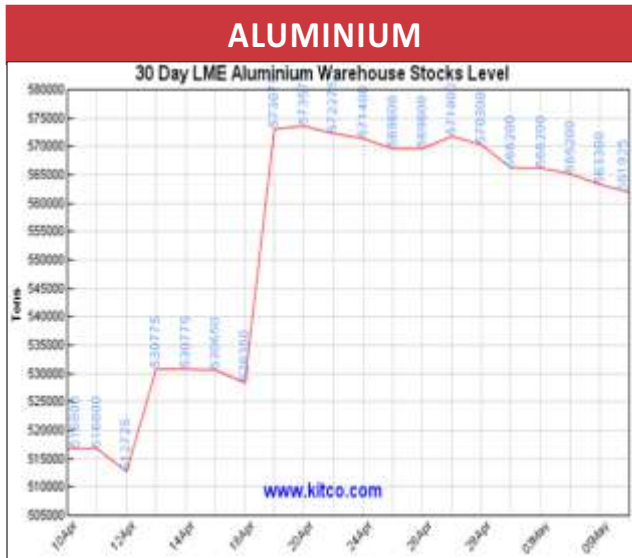
- Base metals prices may trade in different direction on mixed fundamentals the growing fear of global recession, tepid demand in top consumer China and improving supply may pressure the market. However, prices may get support by a softer dollar after the U.S. Federal Reserve opened the door to a pause in its aggressive tightening cycle. The U.S. economy is likely to slow down in the second half of this year or even fall into recession and the impact of bank financial risks persists.
- The banking crisis has not yet been resolved, and the risk aversion sentiment in the market is still strong, which puts great downward pressure on the base metal market.
- Also weighing on the sentiment was a hazy demand outlook as copper consumption in China from power, property and transportation has yet to show any strong recovery.
- The global copper market is expected to see a surplus of 142,000 tonnes this year and of 352,000 tonnes in 2023, the International Copper Study Group (ICSG) said.
- Global refined copper production is expected to rise by about 4.3% in 2022 and 3.6% in 2023, mainly supported by the continued expansion of Chinese electrolytic capacity and new and expanded operations in the Democratic Republic of Congo (DRC).
- Global copper smelting activity slid in April to the lowest level in two years as Chinese operations shut for maintenance and plants in North America slowed down, data from satellite surveillance of metal processing plants showed.

- Copper inventories in SHFE warehouses CU-STX-SGH fell to their lowest levels since Jan. 13 to 134,919 tonnes recently, equivalent to over three days of China's annual demand last year, data by the World Bureau of Metal Statistics showed.
- Global demand for refined zinc metal will exceed supply in 2023 with the extent of the deficit currently forecast at a modest 45,000 tonnes, the ILZSG said.
- Global demand for refined lead metal will exceed supply by 20,000 tonnes in 2023, the group said.
- Global demand for refined lead metal is anticipated to increase by 1.7% this year to 12.53 million tonnes while world lead mine production is forecast to grow by 2.8% to 4.56 million tonnes, the organisation said.

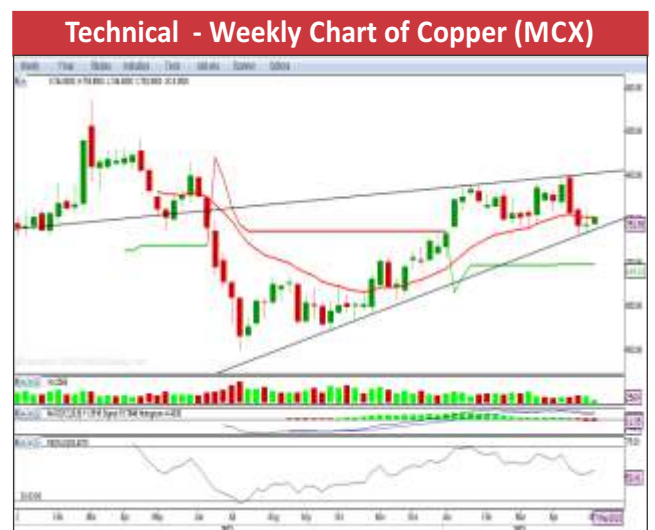
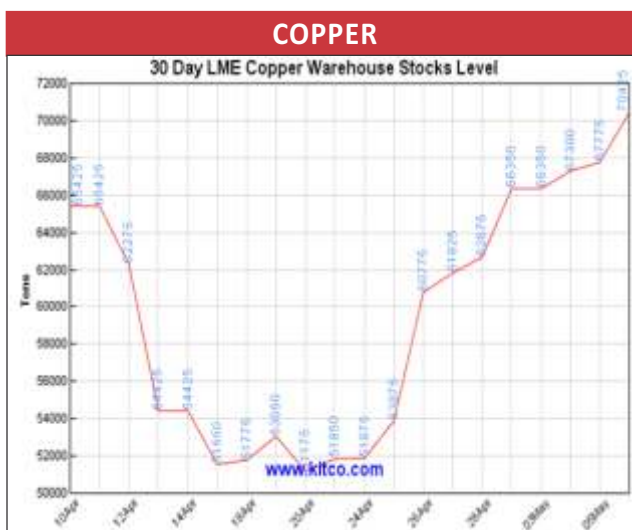
## BASE METAL MONTHLY TECHNICAL REPORT

ALUMINIUM

COPPER



Aluminium Future at the MCX platform has settled little lower at 208.05 on last week. For the last couple of weeks, prices have been trading in a narrow range between 202-215. Now the prices have been trading near the 18 day moving averages of 208.50. The short term immediate resistance is seen around 215, sustainable trade above 215 can see the upside move towards 230/245 and if it breaks the support line of 203, then it can see the downside move towards 187/172 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 flat at 743.60 on the previous week from the previous closing price of 742.55. The prices have been traded between the weekly trend line support and resistance of 730 to 799. Now the immediate resistance is seen around 763. If the price will sustain above 763 levels, it can continue to move upside towards the next resistance of 799/830. If the price has failed to sustain above the resistance of 763, then we can see again the downside move towards 730/710 again. Overall, the commodity is expected to move higher from its support levels.

# LEAD



Lead future at the MCX platform has settled flat at 183.80 on the previous week. At present prices are trading above the daily 18 EMA levels of 183.50. 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 179.50 levels then can see the downside move towards 174/169 respectively.

# ZINC



Zinc future at the MCX platform has settled lower at 238.15 on the previous week. At present prices are trading below the daily 200 EMA levels 273.85 and below the weekly sloping trend line support levels of 260. As per the chart pattern bullish hammer pattern has observed in the last week. So we can expect the good rally if it sustains above 240 as per the chart pattern. Now the immediate support is seen around 231.50, If the price will sustain below the support levels of 231.50 then we can see further downside moves towards 215/200 and if it trades above the immediate resistance of 240 levels and sustain can see the upside move towards 260/275 respectively. But the view will be intact until the recent low, 231.50 is not interrupted.

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