

# TECHNO FUNDA REPORT ON

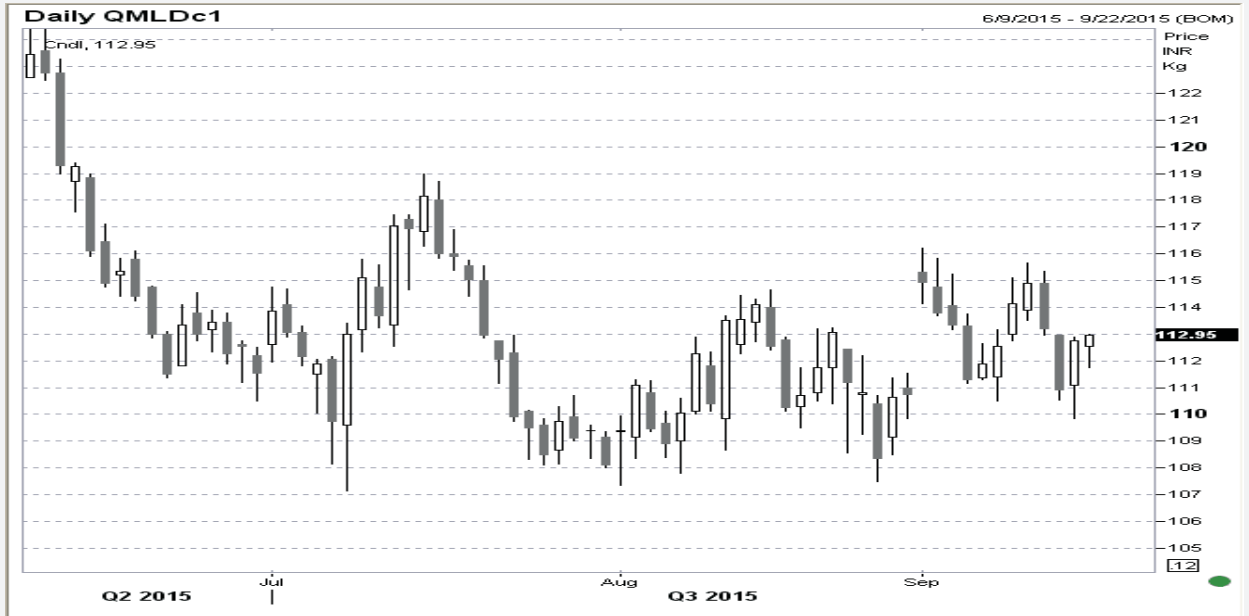
September 16, 2015

# LEAD

*Prices can move higher*



## MCX LEAD DAILY CHART (AUG)



Source: Reuters

**Recommendation:** Investors can take fundamental buy position in Lead (Sep) at current prices for the target of 119 with stop loss of 109.

**Note:**

- These long term fundamental calls are for duration of three to four weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

## LME LEAD DAILY CHART



## **Bullish factors for Lead**

### **Increase in E bikes sales US, China etc**

More fully electric and plug-in hybrid vehicles market are being sold in the U.S. than other country, according to research by IHS Automotive. The U.S. led sales of all global electric vehicles and plug-in hybrid vehicles, selling more than 14,500 of them in the first quarter of 2015.

China saw the second largest sales, topping off at 12,555 vehicles throughout the first quarter of 2015. This was a 0.3% increase from this same time in 2014.

When it came to highest percentage of total vehicle registrations, Norway was the top country. It ranked first in IHS's Plug-In Electric Vehicle Index, which tracks the market share of plug-in electric vehicles and plug-in hybrid electric vehicles each quarter across eight major countries, including China, the U.S, France, Germany, Japan, and the United Kingdom. Norway had saw 8,000 cars sold throughout the first quarter of 2015, one third of all new vehicles registered over the period. The country had a 41% increase in volume compared to the same time period in 2014.

### **Decline in Lead supply**

Global lead market was oversupplied by 4,000 tons during the first four months of 2015 as against an oversupply of 9,000 tons in the same period a year ago, according to data published by the International Lead and Zinc Study Group (ILZSG).

During January to April, global production of refined lead metal decreased by 2.3% to 3.369 million tons from the production of 3.45 million tons in the corresponding period last year.

### **Stronger US Auto Sales**

The U.S. auto industry powered ahead in August, topping sales estimates and shrugging off gyrating stock markets as consumers continued to show their penchant for pickup trucks and SUVs. U.S. auto sales were the strongest in any month since July 2005. The annualized selling rate in August was 17.8 million vehicles, according to Autodata Corp, well above expectations of 17.3 million. The six largest automakers in the U.S. market all beat the sales forecasts of industry analysts, with Toyota, Honda, Nissan and GM reporting declines that were not as severe as expected.

### **Battery demand is expected to grow**

Battery demand is expected to remain growing in India that will benefit the demand for lead in coming future. As per a estimate taken from Amara Raja Batteries in their annual report, there is a wide subscriber base that is yet to come in the net till 2020 in India. The total subscriber base was 795 million in the year 2013; this base is expected to grow to 1145 million by the year 2020. The penetration of India Smart phone will be 520 million in the year 2020 compared to 90 million in the year 2013. Similarly the amount of towers that are required to set is 5.71 lakhs by 2020 from current 4.06 lakhs in 2013. The internet users and e-commerce space is getting widened. All this suggests that the benefits for battery industry will keep on improving. The government of India Make in India programme is also getting lot of attention from the foreign and local players. This means that the capacity production of even battery manufacturing can be widened.

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