

TECHNO FUNDA REPORT ON

December 16, 2015

LEAD

Prices can move lower



MCX LEAD DAILY CHART (JAN)



Source: Reuters

Recommendation: Take fundamental sell position in Lead (Jan) at current prices for the target of 107.50 with stop loss of closing above 116.50

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



Bearish factors for Lead

Fall in E-bikes sales

A slowdown in the production and sales of e-bikes which account for about a third of Chinese refined lead metal usage is continuing to adversely affect demand in China and a further reduction of 0.6% is forecast this year. However, in 2016 increased usage in the automotive and industrial battery sectors is predicted to result in a rise of 2.6%.

In 2015, demand is also expected to fall in both Europe, by 0.8%, and the United States, by 3.6%. However, in 2016, European and U.S. growth of 3.1% and 1.9% respectively is anticipated with usage also expected to be higher in India, the Republic of Korea and Turkey.

Decline in global demand

According to the International Lead and Zinc Study Group, global demand for refined lead metal is forecast to fall by 0.7% to 10.82 million tonnes in 2015.

Slowdown in China economy

A sharp slowdown in the world's second largest economy China would hit global growth hard. China's growth rate is expected to be 6.8 percent in 2015, according to the International Monetary Fund's latest "World Economic Outlook". Although robust, that growth rate has been slowing down year on year, reflecting slower economic conditions in the rest of the world. In 2013, China's economy grew 7.7 percent but in 2014 China's GDP expanded by 7.3 percent. The IMF predicted further slowing growth in 2016, of 6.3 percent.

Sandeep Joon

Boardline : 011-30111000 Extn: 683

Sr. Research Analyst (Metals & Energy)

sandeepjoon@smcindiaonline.com

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