

Special Monthly Report on

# BASE METALS

APRIL 2022



• ALUMINIUM • COPPER • LEAD • NICKEL • ZINC



Moneywise. Be wise.

In March 2022, base metals traded with firm bias as nickel, aluminum, copper & zinc continued to hit multi-year highs but lead traded in range. Dwindling stocks of metals on multi years low and western sanctions against Russia over its invasion of Ukraine sparked concerns over the metal supply. However stronger dollar and lingering concerns over Chinese demand kept gains in check.

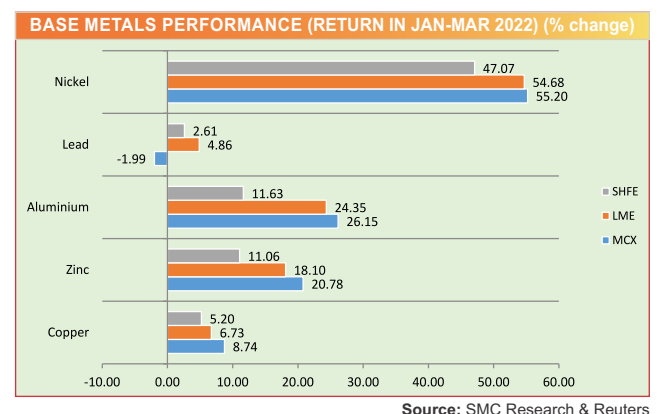
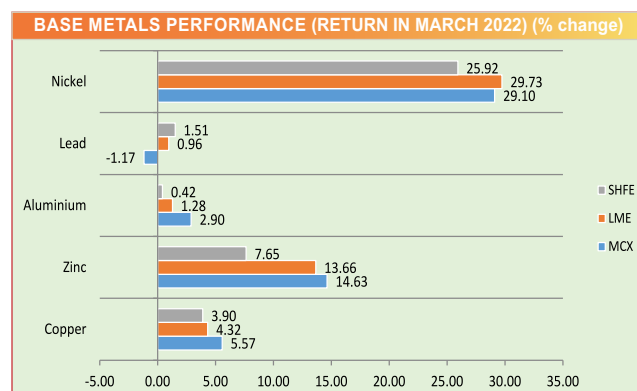
### Outlook

Base metals prices may still go higher as supply fears continue to grow in the wake of an escalating Russia-Ukraine conflict and mounting sanctions against Moscow that could further squeeze tight aluminum, copper and nickel markets. Russia produces about 6% of the world's aluminium, 7% of global nickel and accounts for about 3.5% of copper supplies. On the other side, base metals usage is surging, especially in developed countries, with increasing demand for electric vehicles, wind farms, solar panels, and power grids.

However, escalation of the military conflict and rising inflation due to soaring crude and other commodities prices would put not only Europe's economic recovery but also global recovery at risk. So cautious trade advised as sharp profit booking may emerged if the current conflict or tension ease or after capturing Ukraine, Russia announce ceasefire. US dollar may continue to strengthen on expectations of aggressive interest rate hikes by the Federal Reserve. Traders should keep a cautious eye on the Chinese's COVID-19 lockdowns and its impact on economic output and overall demand.

### Fundamentals

- The London Metal Exchange said it would commission an independent review into the events that led to chaos in the nickel market last month.
- The LME suspended deliveries of some Russian-produced metals into its approved warehouses in Britain, although there is none stored in them at present.
- The major Chinese financial centre of Shanghai extended restrictions on transportation on Tuesday after a day of intensive city-wide testing saw new cases surge to more than 13,000, with no end to the lockdown yet in sight.
- Most Asian factories saw activity slow in March, as slumping Chinese demand and rising raw material costs blamed on the Ukraine crisis added strains to firms already suffering from lingering supply chain disruptions.
- Copper output in Chile, the world's largest producer of the metal, fell 7% year-on-year to 399,817 tonnes in February.
- High energy prices have forced some zinc smelters in Europe to curtail production and Russia's demand for payment for gas in roubles has raised fears of supply shortages or still higher prices.
- The large nickel short position held by China's Tsingshan Holding Group, a major producer, was causing caution among participants, analysts said.
- Domestic demand is affected by the pandemic and high aluminium prices. Aluminium inventories in China likely continue to increase slightly as COVID undermines downstream consumption



## BASE METAL MONTHLY TECHNICAL REPORT

### Technical - Weekly Chart of MCXMETLDEX (MCX)

MCXMETLDEX future at MCX platform has settled lower at 21206 on the previous week. the next immediate resistance is seen around 22150 in weekly closing basis. if the price has been sustained above the resistance of 22150, then can move towards 22800/23500 in this month and if the price will sustained below the support level of 20150 then again can move towards 19300/18500 respectively. Overall the commodity is expected to move higher from its support levels.



### ALUMINIUM



### MCX Aluminium Weekly Chart



Aluminium Future at the MCX platform has settled lower at 280.60 on last week, from the previous closing price of 291.45. From last couple of months, prices have been consecutively traded higher and bounced from its support level of 208.60 TO 325.40. Now the prices have been trading near the 18 days moving averages of 280.58. The short term immediate resistance is seen around 301.50, sustainable trade above it will see the good move towards 320/345 and if it breaks the support line of 262, then it will see the downside move towards 240/215 respectively. Overall the commodity is expected to move higher from its support levels. Thus we recommend buying on dips in the current month.

# COPPER

## COPPER



## Technical - Weekly Chart of Copper (MCX)



Copper futures at the MCX platform has settled flat at 816.20 on the previous week from the previous closing price of 818.90. The prices have been well sustained above the trend line resistance of 811. Now the immediate resistance is seen around 830. If the price will sustain above 830, it will continue to move upside towards 865/900. If the price sustains below the 1st support line of 785, then can see the down side move towards 755/730 levels in the near term basis. Overall the commodity is expected to move higher from its support levels.

## LEAD



# NICKEL

## NICKEL



## Technical - Weekly Chart of Nickel (MCX)



Nickel future at the MCX platform has settled lower at 2447.80 on the previous week. At present prices are trading above the weekly 50 EMA levels of 1716.25 and also above 200 EMA levels of 1776.75. The Momentum weekly Oscillator MACD is trading above the resistance line of 2500, witnessing bullish crossover. Buying can be seen again in the counter if it continues to trade above 2500 levels, which take the counter towards 2800/3200 respectively. If it break below the support line of 2200 levels and sustain can see further down side move towards 1900/1600 levels in short term basis. Overall the commodity is expected to move higher from its support level.

## ZINC



## Technical - Weekly Chart of Lead (ZINC)



Zinc future at the MCX platform has settled higher at 356.10 on the previous week. At present prices are trading above the daily 200 EMA levels 282.33 and above the weekly rising trend line resistance levels of 320. The long term trend is bullish only and we have already seen the correction on this month and after correction price has been well sustained above the resistance line of 320. If the price will sustain below 330 levels will see the downside move towards 315/300 and if it trade above 363 levels and sustain will see further upside move towards 385/400 respectively. But the view will be intact until the recent low 330 is not interrupted.

# ZINC

**For any queries, Contact:**  
 Commodity Research Desk  
 Tel: +91-11-30111000, Ext: 683,684,625,630

SMC Research also available on Reuters

E-mail: [smc.care@smcindiaonline.com](mailto:smc.care@smcindiaonline.com)



**Corporate Office:**  
 11/6B, Shanti Chamber,  
 Pusa Road, New Delhi - 110005  
 Tel: +91-11-30111000  
[www.smcindiaonline.com](http://www.smcindiaonline.com)

**Mumbai Office:**  
 Lotus Corporate Park, A Wing 401 / 402, 4th Floor,  
 Graham Firth Steel Compound, Off Western  
 Express Highway, Jay Coach Signal, Goreagon  
 (East) Mumbai - 400063  
 Tel: 91-22-67341600, Fax: 91-22-67341697

**Kolkata Office:**  
 18, Rabindra Sarani, Poddar Court, Gate No-4,  
 5th Floor, Kolkata-700001  
 Tel.: 033 6612 7000/033 4058 7000  
 Fax: 033 6612 7004/033 4058 7004

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd.) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities/commodities market.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject commodity.

**DISCLAIMER:** This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions.

Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the commodity thereof, mentioned here in or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodities discussed herein(c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.