

Special Monthly Report on

BASE METALS

FEBRUARY 2023



• ALUMINIUM • COPPER • LEAD • ZINC



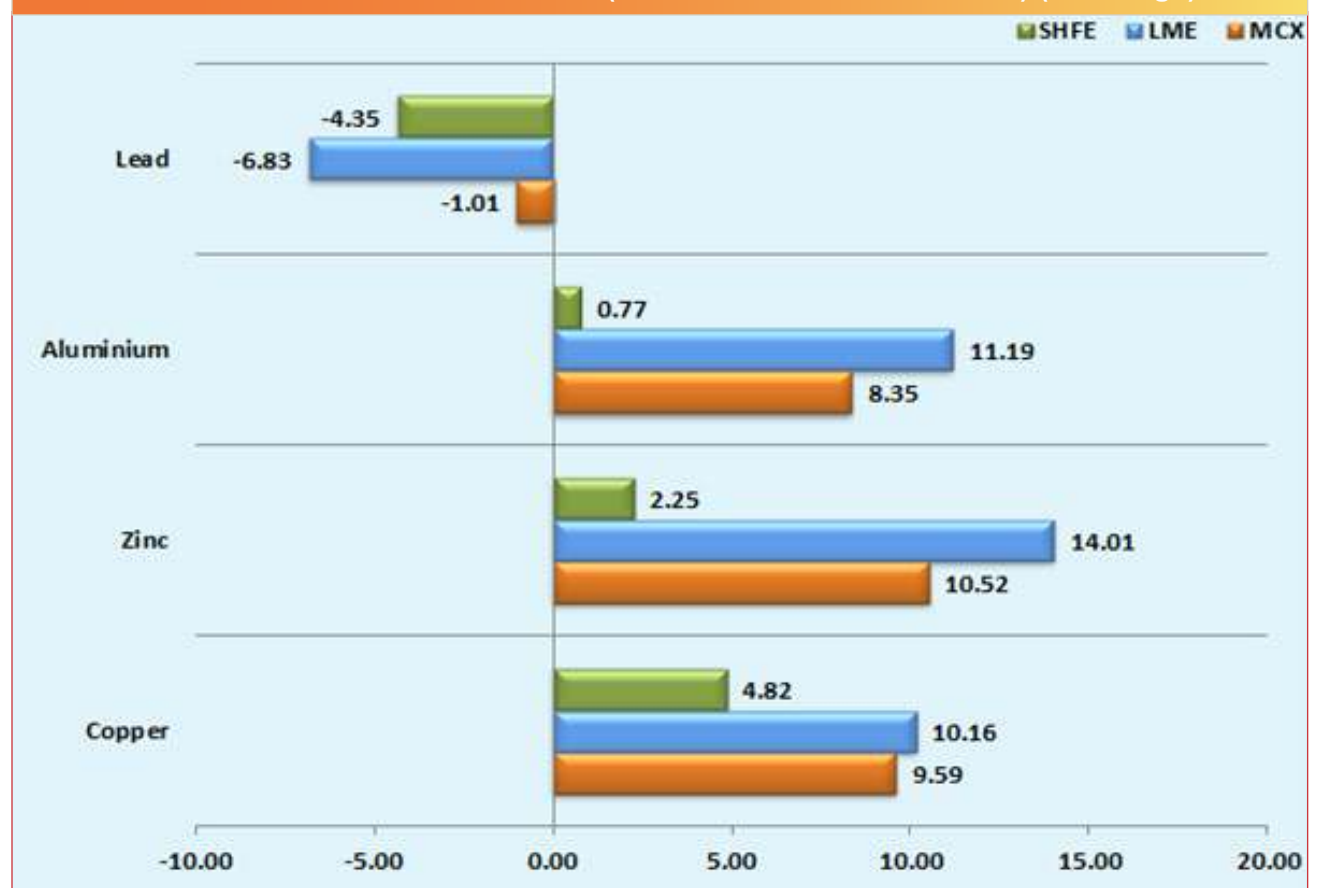
Moneywise. Be wise.

In January 2023, Industrial metals traded positive except lead. Base metals have enjoyed a strong start to the year, the London Metal Exchange (LME) index rising by 9.4% over the course of January on high hopes for China’s post-COVID reopening and further supported by the US Federal Reserve signalling a slowdown in the pace of interest rate rises and a softening in the US dollar. Copper is back in favour with investors, who have been building long positions in the metal as one component of the broader China recovery trade. Supply disruption at MMG Ltd’s Las Bambas copper mine in Peru also lent prices some support. Zinc was the standout performer, as London Metal Exchange zinc inventories have tumbled to the lowest levels in more than three decades.

Outlook

- o Base metals prices may trade in different direction on mixed fundamentals. The overall outlook for metals demand globally remained grim, as central banks around the world tightened their monetary policy to curb rising inflation. Worries over global economic growth further clouded metals’ demand, outweighing supply concerns spurred by production cuts in Europe.
- o Depleted exchange inventories are seen limiting the immediate price downside but analysts are also expecting supply to recover from the combination of pandemic disruption and high power prices.
- o Production disruptions in major copper producing regions Latin America and Africa have raised the stakes for a tighter market this year, but analysts say it is too soon to downgrade forecasts for global supplies.
- o State-owned Chilean Copper Commission raised its projection for 2023 prices to \$3.85 per pound from a December estimate of \$3.70 a pound, as inventories worldwide drop. Chile’s total copper production fell 0.5% in December to 495,800 tonnes, government body Cochilco said, meaning that output in the full year of 2022 dropped 5.3% on a yearly basis to 5.33 million tonnes. Glencore said its copper production fell 12% to 1.06 million tonnes in 2022, as the miner and trader struggled with geotechnical issues at its Katanga mine in the Democratic Republic of Congo.
- o Zinc inventories in China have been rising in recent weeks, including on the Shanghai Futures Exchange, which has seen a near doubling of stocks to 35,098 tonnes over the past three weeks. But relatively low global stocks are balanced by lacklustre demand, with about half of zinc consumption from the construction sector, which was badly hit last year in China.
- o The United States is considering raising the import tariff on Russian-made aluminium to 200 per cent, as it seeks to ramp up pressure on Moscow over its war in Ukraine, but a decision has not been made yet, a US official said.

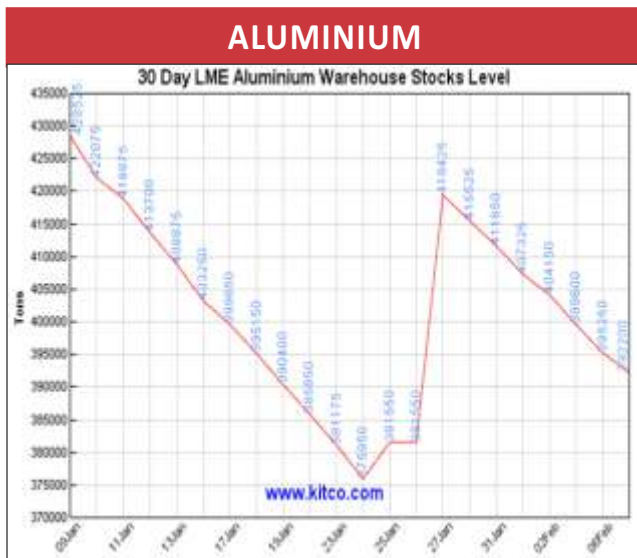
BASE METALS PERFORMANCE (RETURN IN JANUARY 2023) (% change)



Source: SMC Research & Reuters

BASE METAL MONTHLY TECHNICAL REPORT

ALUMINIUM



MCX Aluminium Weekly Chart

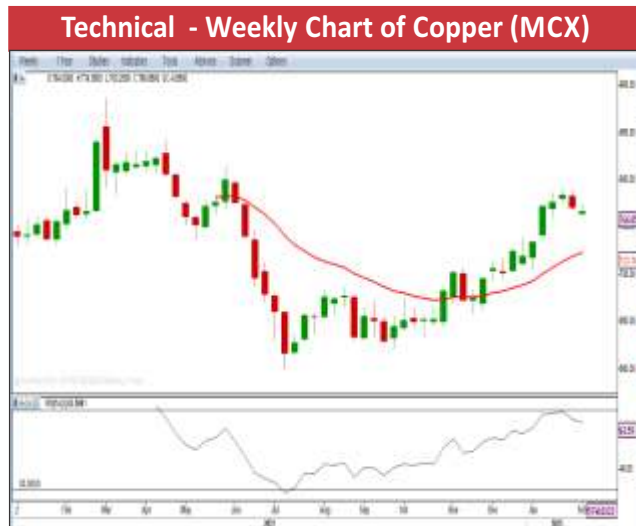


Aluminium Future at the MCX platform has settled higher at 223.30 on last week. From the of month of Sep'2022 to month of Jan'2023 , prices have been traded in a range between 185-230. Now the prices have been trading below the 21 days moving averages of 220. The short term immediate resistance is seen around 230, sustainable trade above 230 can see the upside move towards 242/255 and if it breaks the support line of 185, then it can see the downside move towards 162/150 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



Technical - Weekly Chart of Copper (MCX)



Copper futures at the MCX platform has settled lower at 771.40 on the previous week from the previous closing price of 783.55. The prices have been well sustained above the weekly trend line resistance of 740. Now the immediate resistance is seen around 791. If the price will sustains above 791 levels, it can continue to move upside towards 815/840. If the price has failed to sustains above the resistance of 791, then we can see again the down side move towards 750/720 again. Overall the commodity is expected to move higher from its support levels.

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