

Special Monthly Report on

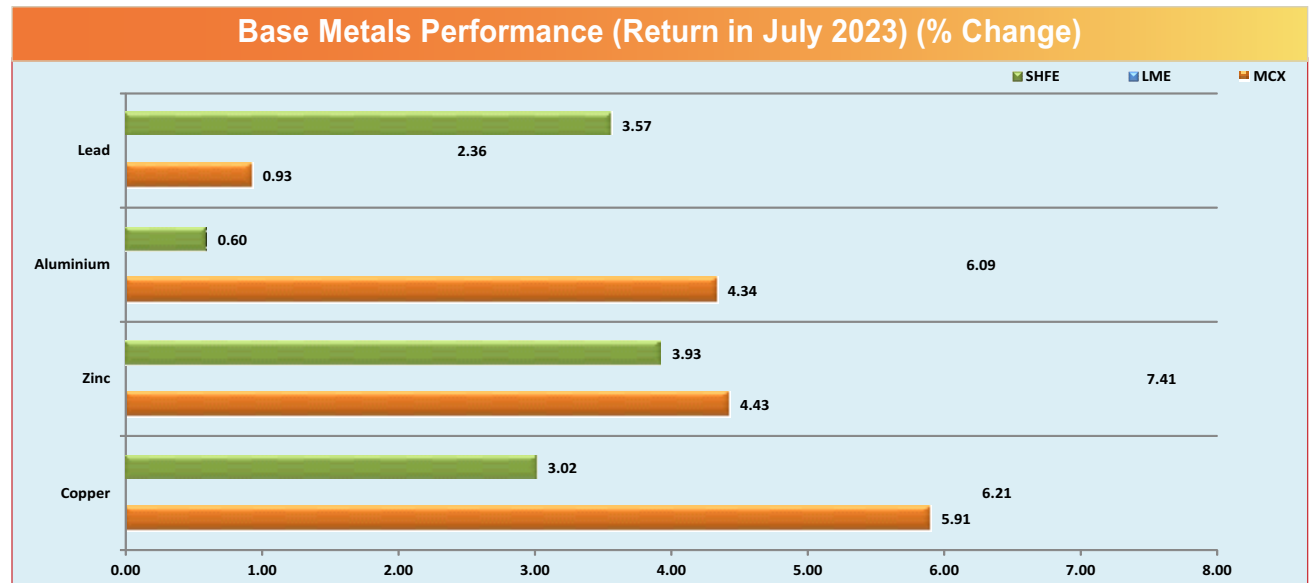
# BASE METALS

AUGUST 2023

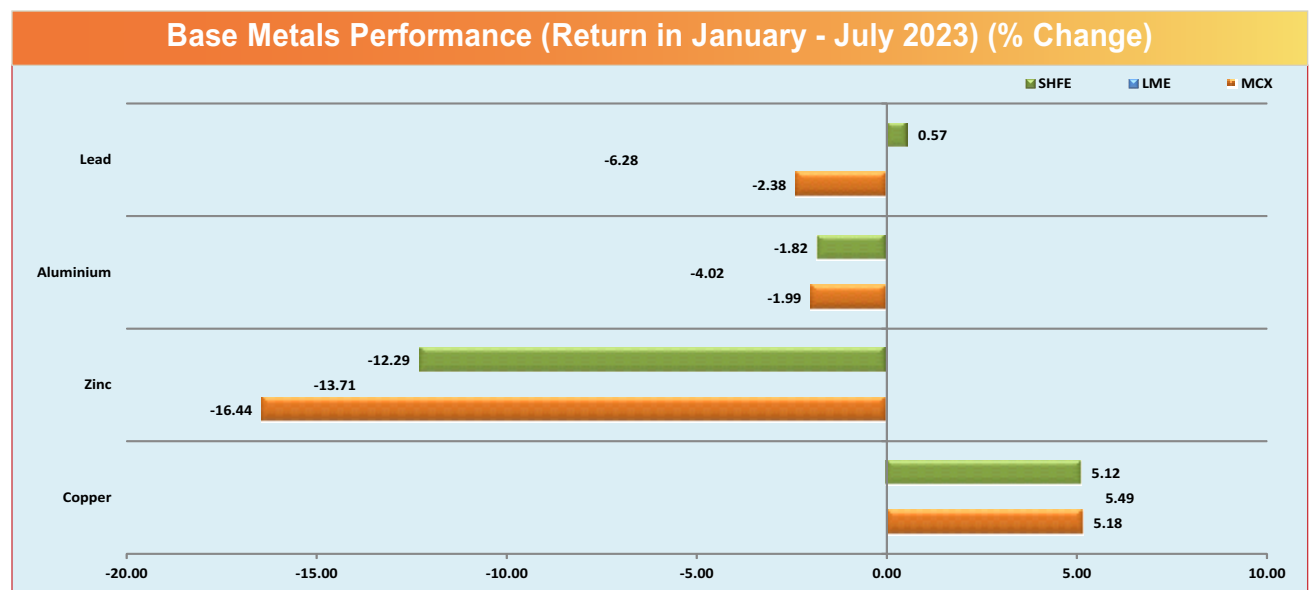


• ALUMINIUM • COPPER • LEAD • ZINC

Base metals experienced monthly gains driven by hopes of Chinese stimulus measures. Copper prices posted their best monthly performances on LME since January as traders cheered the prospects of further stimulus in top consumer China and that the U.S. Federal Reserve will pause rate hikes for the year. Other base metals also followed the bullish race with copper. Pledges from the Chinese authorities to boost the country's troubled property sector - which accounts for a vast amount of metals consumption - have also fueled the bullish sentiment in the metals market. The dollar index, meanwhile, posted its second straight monthly decline, making metals more attractive for other currency holders. However, weak export data in top metals consumer China put a damper on the gains. China's exports fell last month at their fastest pace since the onset three years ago of the COVID-19 pandemic, as an ailing global economy puts mounting pressure on Chinese policymakers for fresh stimulus measures.



Source: SMC Research &amp; Reuters



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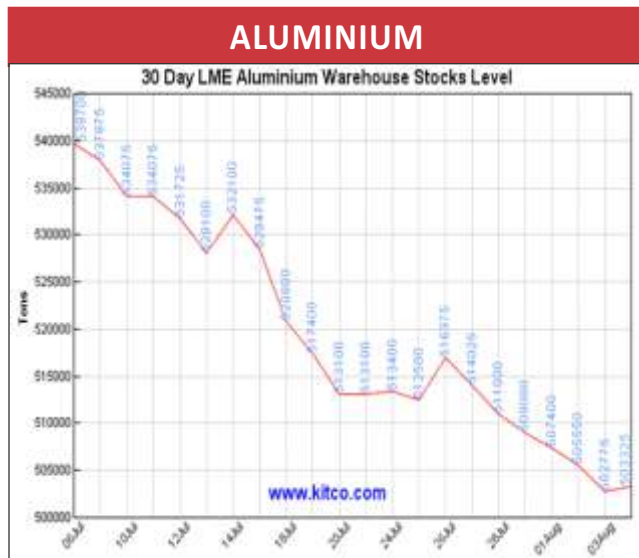
## Outlook

- Base metals prices may trade in different direction on mixed fundamentals the growing fear of global recession, tepid demand in top consumer China while hopes of more stimuli to bolster economic growth in China may provide some support. Prices are expected to stay volatile in this months impacted by dollar moves and investor sentiment towards China's manufacturing and construction sectors.
- The industrial metals market is now awaiting more government stimulus, hoping a boost to domestic demand can compensate for weak export markets.
- Weak economic data in China may continue to weigh on prices. Chinese manufacturing activity fell for a fourth straight month in July, while the services and construction sectors teetered on the brink of contraction.
- The recent PMI data from Asia showed weakness in China, Japan and South Korea. Construction data out of China is still very poor, it is a reason to be cautious in terms of base metals.
- China's imports of refined copper fell to a four-year low in the first six months of 2023, underlining the sense of stalled momentum in the world's manufacturing powerhouse.
- Chile's total copper production rose 0.02% in June to reach 454,800 metric tons, the country's copper commission Cochilco

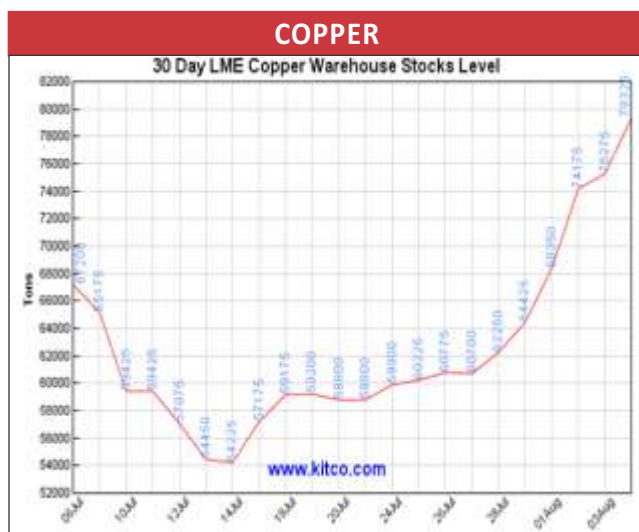
said, though output fell at some key mines.

- The copper supply is expected to improve in August as many smelters resume production after summer maintenance, and also thanks to increased profits amid high copper concentrate processing treatment and refining charges.
- Lead inventories have been improving. SHFE lead stocks were last at 47,637 metric tons, their highest since March 17. LME stockpiles of the metal were last at 55,075 metric tons, their highest since December 2021.
- The premium for aluminium shipments to Japanese buyers for July to September was set at \$127.5 per metric ton, near the previous quarter's levels, as local demand remained sluggish with ample stocks, five sources directly involved in pricing talks said.

BASE METAL MONTHLY TECHNICAL REPORT



Aluminium Future at the MCX platform has settled higher at 202.25 on last week. After breached the support of 205 levels, prices has been slipped and made the low 194.50. Now the prices have been trading above the 18 day moving averages of 199.45. The short term immediate resistance is seen around 205, sustainable trade above 205 can see the upside move towards 212/220 and if it breaks the immediate support line of 194.50, then it can see the downside move towards 187/180 respectively. Overall, the commodity is expected to move higher from its support levels. Thus, we recommend buying at its lower levels in the current month.



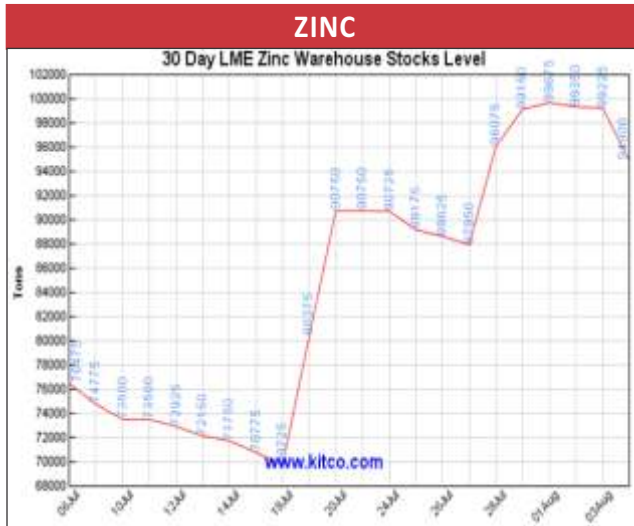
Copper futures at the MCX platform has settled little lower at 740.15 on the previous week from the previous closing price of 743.80. The prices have been traded between the weekly trend line support and resistance of 700 to 800. Now the immediate resistance is seen around 760. If the price will sustain above 760 levels, it can continue to move upside towards the next resistance of 785/810. If the price has failed to sustain above the resistance of 760, then we can see again the downside move towards 715/690 again. Overall, the commodity is expected to move higher from its support levels.

# LEAD



Lead future at the MCX platform has settled little higher at 183.85 on the previous week. At present prices are trading near the daily 18 EMA levels of 184. 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 178.80 levels then can see the downside move towards 174/169 respectively.

# ZINC



Zinc future at the MCX platform has settled higher at 224.25 on the previous week. At present prices are trading below the daily 200 EMA levels 246.85 and below the weekly sloping trend line support levels of 237. As per the chart pattern bullish hammer pattern has observed in the previous month. So we can expect the good rally towards 237/250 if it sustains above 229 levels. Now the immediate support is seen around 210, If the price will sustain below the support levels of 210 then we can see further downside moves towards 195/180 levels respectively. But the view will be intact until the recent low, 210 is not interrupted.

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