

Special Monthly Report on

# BASE METALS

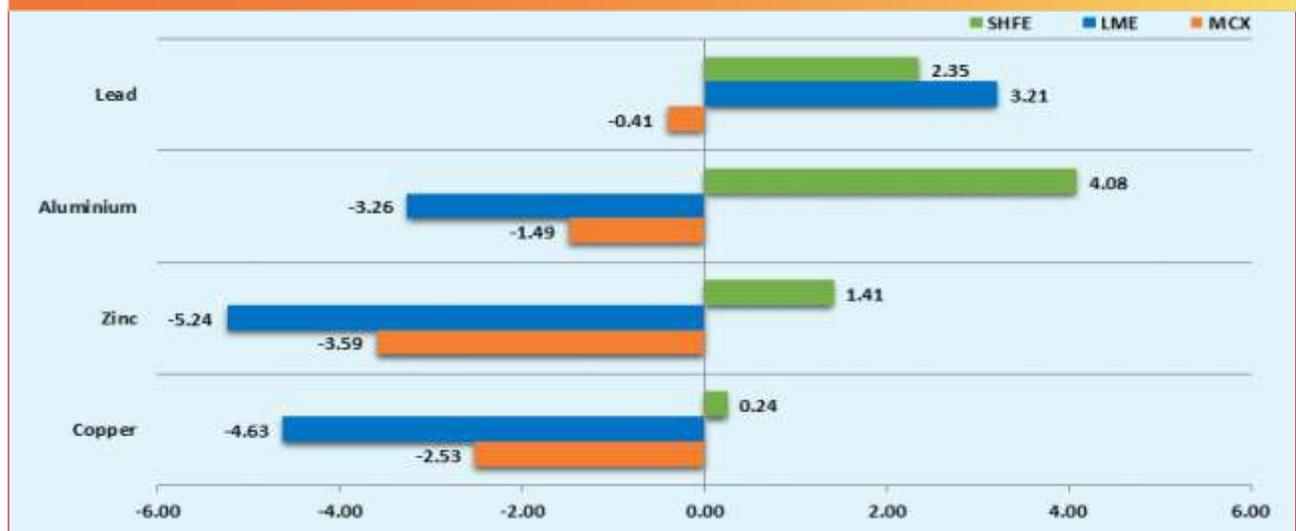
SEPTEMBER 2023



• ALUMINIUM • COPPER • LEAD • ZINC

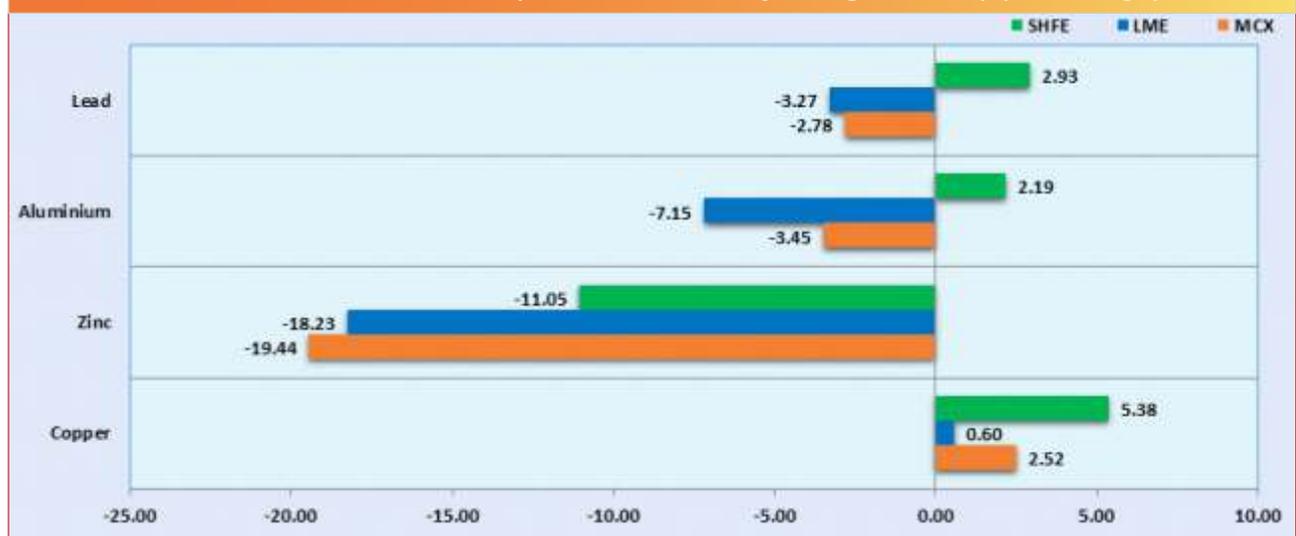
Base metals experienced monthly gains on SHFE driven by hopes of Chinese stimulus measures. But on LME & MCX Copper, Zinc and aluminium prices lowered due to higher supply and weak economic data from US, Europe & China. Strong U.S. dollar and a weakening yuan, which made metals more expensive in China, the world's top metals consumer, dampen the metals demand. China's factory activity this month shrank for the fifth consecutive month, while its non-manufacturing activity hit another low for this year. Customs data revealed that China's copper imports declined by 5% in August compared to the previous year, as demand remained weak due to economic challenges and strong domestic production. Furthermore, China's refined copper output surged by 15.5% year-on-year in the same month, reaching a record high of 989,000 tons, exceeding expectations. Zinc inventories in LME-approved warehouses by the end of August had jumped to 153,575 metric tons, their highest since February, 2022, from 93,525 in mid-August.

### Base Metals Performance (Return in August 2023) (% Change)



Source: SMC Research & Reuters

### Base Metals Performance (Return in January - August 2023) (% Change)



Source: SMC Research & Reuters

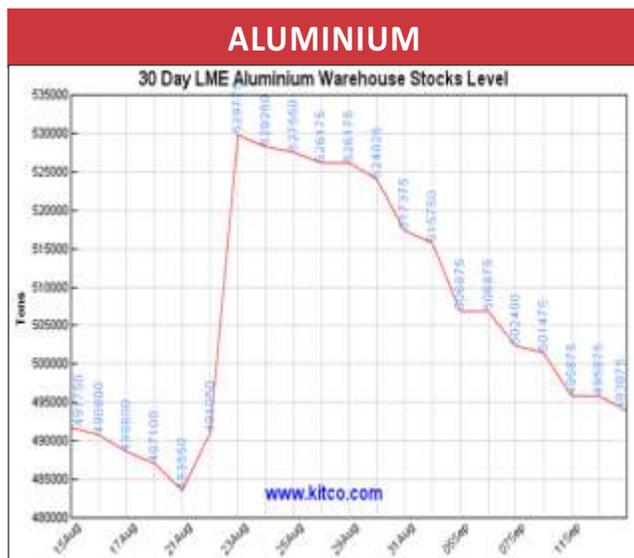
### Outlook

- Base metals prices may trade in different direction on mixed fundamentals of tepid demand in top consumer China & rising inflation globally 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.
- September normally sees strong demand as industrial activities pick up after a summer lull. However, Chinese market participants said demand had remained flat this time amid a patchy economic recovery.
- China's property sector, which typically accounts for more than a quarter of the overall economy, has slowed markedly because of a two-year liquidity crisis, while weaker global consumption has weighed on the country's previously booming export sector.
- Beijing has set its lowest economic growth target in decades, at 5 per cent for the full year, and taken cautious steps to support the economy. Policymakers have sought to boost consumption, which remains weak,
- Russia has begun production at the country's largest untapped copper deposit. The Udokan project was opened during a

ceremony that took place on 11 September. The deposit has an estimated 26.7 million tonnes of copper.

- The discount on zinc for near-term delivery versus the three-month contract on the London Metal Exchange (LME) has reached its highest since March 2021, indicating plentiful immediate supply.
- Available aluminium stocks of Russian origin in London Metal Exchange-approved warehouses were steady in August compared with the previous month - at 81% of the total, or 183,650 metric tons, data on the exchange's website showed.
- Aluminium stocks at three major Japanese ports rose 2.9% to 360,700 metric tons as of end-August, from 350,600 tons in the prior month, Marubeni Corp said.

**BASE METAL MONTHLY TECHNICAL REPORT**



Aluminium Future at the MCX platform has settled lower at 199.85 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 exponential moving averages of 200. The short term immediate resistance is seen around 206, sustainable trade above 206 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 721.15 on the previous week from the previous closing price of 739.95. The prices have been traded between the weekly trend line support and resistance of 692 to 758. Now the immediate resistance is seen around 758. If the price will sustain above 758 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 758, then we can see again the downside move towards 715/695 again. Overall, the commodity is expected to move higher from its support levels.

# LEAD



Lead future at the MCX platform has settled little lower at 187.45 on the previous week. At present prices are trading near the daily 18 EMA levels of 185. 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 191, sustainable trade above this level will see the good upside move towards 197/202 in this month and if the prices has sustain below the support level of 182 levels then can see the downside move towards 177/170 respectively.

# ZINC



Zinc future at the MCX platform has settled higher at 217.45 on the previous week. At present prices are trading below the daily 200 EMA levels 238.55 and below the weekly sloping trend line support levels of 230. 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 230 levels. Now the immediate support is seen around 217, If the price will sustain below the support levels of 217 then we can see further downside moves towards 202/190 levels respectively. But the view will be intact until the recent low, 217 is not interrupted.

SMC COMMODITY RESEARCH DESK



**Corporate Office:**  
11/6B, Shanti Chamber,  
Pusa Road, New Delhi - 110005  
Tel: +91-11-30111000  
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

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

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 if 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.