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May 23, 2017

## MARKET ANALYSIS

Base metals noted mixed movement yesterday with Aluminium and Lead ending on a lower note while Copper, Nickel and Zinc closed higher. On positive note prices sought support from weakness in US Dollar however demand worries limited the upside.

Base metals continue to witness choppy trade in early trades today. On positive note supporting prices is weakness in US Dollar.

US Dollar Index trades marginally lower today following 0.16% decline yesterday. The currency has slid to lowest level since November 2016 amid political turmoil in US and mixed macro data from the region. Also the currency has come under pressure against Euro following comments by Merkel. German Chancellor Angela Merkel yesterday said the common currency was "too weak".

The gains may however be capped amid demand worries from top consumer China and US along with lingering political uncertainty in US.

Also capping the upside is mixed trend in equity markets.

Asian equity markets are trading mix in early trades today despite gains in US equity markets yesterday.

In other metals Copper prices may come under pressure amid sharp slide in Copper imports and signs of ample supplies in physical market.

We expect base metals to note mixed trade today amid mixed cues. Focus will be on any slew of macro-economic data from Euro Zone and US along with development related to President Trump and its impact on US Dollar.

### May 22, 2017

#### MCX India (Rs/kg)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	31-May-17	125.55	124.85	125.25	-0.10	-0.08%
Copper	30-Jun-17	371.70	367.75	371.50	1.95	0.53%
Lead	31-May-17	136.40	134.10	134.60	-1.10	-0.81%
Nickel	31-May-17	608.80	602.00	605.50	3.00	0.50%
Zinc	31-May-17	170.65	169.00	170.25	0.45	0.27%

#### Shanghai (Yuan/MT)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	May-17	45970	45440	45760	600	1.33%
Copper	Jun-17	46030	45470	45810	680	1.51%
Copper	Jul-17	46090	45540	45860	700	1.55%

#### COMEX (USD cents/lb)

Commodity	Contract	High	Low	Close	Change	% Change
Copper	May-17	259.50	256.35	258.90	1.50	0.58%
Copper	Jun-17	260.45	256.60	259.55	1.40	0.54%
Copper	Jul-17	261.50	257.80	260.70	1.45	0.56%

#### LME (USD/tonne)

Commodity	Contract	High	Low	Close	Change	% Change
Aluminium	3 Month	1946.5	1931.0	1938.0	-5.5	-0.28%
Copper	3 Month	5720.0	5654.0	5703.0	21.0	0.37%
Lead	3 Month	2130.0	2092.0	2092.0	-2.0	-0.10%
Nickel	3 Month	9446.0	9335.0	9395.0	35.0	0.37%
Zinc	3 Month	2667.0	2625.0	2633.5	17.5	0.67%

#### LME Inventories

Commodity	Opening Stocks	Closing Stocks	Net Change	Total C/W*	C/W Ratio*
Aluminium	1506700	1495350	-11350	530500	35.48%
Copper	336650	332300	-4350	125025	37.62%
Lead	184425	183225	-1200	92000	50.21%
Nickel	378894	378858	-36	112050	29.58%
Zinc	342675	340350	-2325	171350	50.35%

\*C/W- Cancelled Warrants

#### Major Currencies

Currency	Type	Close	PCP	Change	% Change
USD Index	Spot	96.984	97.142	-0.16	-0.16%
EUR USD	Spot	1.1234	1.1206	0.003	0.25%
GBP USD	Spot	1.3013	1.3036	-0.002	-0.18%
USD JPY	Spot	111.14	111.26	-0.12	-0.11%
USD INR	Spot	64.5488	64.6375	-0.089	-0.14%



## Outlook

**Copper-** MCX Copper may witness choppy movement today tracking range bound movement in international exchange. LME Copper trades little changed in early trades today following 0.4% gains yesterday. Lending support to the prices is weakness in US Dollar along with decline in stocks and jump in cancelled warrants at LME warehouse yesterday. Copper stocks fell by 4350 tonnes yesterday while cancel warrants rose to 37.6% from Friday's 32.9%. However capping the upside is demand worries from top consumer China amid signs of slowdown along with ample supplies in physical market. In China, data today showed that imports of unwrought copper and alloy fell by almost 36% to 260,000 in April. Meanwhile according to recent report from ICSG, global refined Copper was in surplus of 93,000 tonnes in Feb as against 55,000 tonnes surplus in Jan. Meanwhile on macro front the gains may be capped amid lingering political uncertainty in US. We expect the metal to witness mixed trade today amid mixed cues however overall bias remains weak. Focus today will be on any development related to President Trump along with Speeches by Fed officials and US data which may impact US Dollar.

**Aluminum-** MCX Aluminum may note some decline tracking cues from international exchange however the downside remains capped. LME Aluminum trades lower in early trades today following modest decline yesterday. Weighing on prices is growth worries in China along with steady rise in stocks at SHFE. However capping the downside is weakness in US Dollar along with lower stocks at LME warehouses and expectation of deficit in physical market. Aluminium stocks at LME fell by 11350 tonnes last week to lowest level since November 2008. We expect the metal may note mixed movement today amid mixed cues however overall bias remains positive.

**Zinc-** MCX Zinc may trade with a positive bias tracking gains in international exchange. LME Zinc trades higher in early trades today following 0.7% gains yesterday. Lending support to the prices is expectation of tightness in refined metal due to lower production market along with steady decline in stocks at exchange warehouses. China's Zinc production fell by 5% in April to 474,000 tonnes. Meanwhile Zinc stocks at LME fell by 2325 tonnes yesterday while cancel warrants hovered above 50%. The gains may however be capped amid growth worries in top consumer China. We maintain bullish

view on Zinc for the day however suggest creating fresh long on corrective dips.

**Nickel-** MCX Nickel may note choppy movement tracking range bound movement in international exchange however overall bias remains weak. LME Nickel trades steady in early trades today following 0.4% gains yesterday. On positive note lending support to the prices is weakness in US Dollar along with modest decline in stocks ta LME warehouses. Nickel stocks at LME fell by 36 tonnes yesterday while cancel warrants inched higher at 29.6% from Friday's 28.8%. The gains may however be capped amid demand worries from China along with expectation of improving supply from Indonesia and Philippines.

**Lead-** MCX Lead may note some gains tracking rebound in international exchange however the upside remains capped. LME Lead trades 1.4% higher in early trades today following modest decline yesterday. The metal is seeking support from dip buying by bargain hunters along with weakness in US Dollar. We however expect prices to pare its gains later in the day amid demand worries tracking weaker auto sales data from China and US along with recent rise in stocks at exchange warehouses. Lead stocks at LME fell by 1200 tonnes yesterday following 1275 tonnes build up last week.

Commodity	Support	Resistance	Trend
Aluminium	124	126	Sideways
Copper	366.5	374.5	Sideways
Lead	133.5	138.5	Sideways
Nickel	600	615	Sideways
Zinc	169	173	Sideways




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