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Weekly Commodity Research Report

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Copper

Copper futures are trading lower due to the weaker-than-expected data from China underscored the country's struggle to economically recover and dampened resource demand in the short term. The country's GDP disappointed market expectations and grew 6.3% in the second quarter, lower than the 7.3% expansion expected by analysts. At the same time, industrial production for June surpassed estimates and trimmed hopes of significant stimulus from the Chinese government. Robust industrial output consolidated Beijing's signals that any stimulus measures this year will be limited in scale as the government seeks to prioritize growth in the more sustainable service sector and cap its dependence on manufacturing and construction. Still, supply concerns limited losses. Copper output in top producer Chile sank 14% annually in May, among the latest signs that declines in global supply foreshadow an incoming shortfall amid the metal's essential use in the world's transition to

Aluminium

Aluminum futures fell to their lowest level since September 2022 as evidence of strong supply coincided with increasing concerns about low demand. Output out of key regions in China, the world's top producer, is set to rebound as the recovery of hydropower eased power curbs for essential smelters in the Yunnan region. Market players estimate activity in the region should return to 50% of curtailed capacity by August, supporting a significant inventory buildup as higher supply overlaps with macroeconomic headwinds in China that pressure demand. Furthermore, China's aluminium imports in the first half of 2023 rose 10.7% from a year earlier. June imports totaled 211,235 metric tons, 12.8% higher than the 187,362 metric tons imported in the same month of 2022, also up from the 191,701 tonnes in May.

LME Cash Price		
Commodity	Bid	Ask
Copper	8414.5	8416
Aluminium	2178	2179
Zinc	2356	2357.5
Nickel	20714.75	20739.75
Lead	2088	2089

LME 3M Future			Spread over Cash Price
Commodity	Bid	Ask	
Copper	8441	8443	-27
Aluminium	2226.5	2227.5	-48.5
Zinc	2376	2377.5	-20
Nickel	20895	20920	-180.25
Lead	2102	2103	-14

Zinc

Zinc futures diminished on MCX due to sluggish demand at the domestic spot market. Market sentiments weakened further after data showed China's output reached 3.23 million mt in H1, a year-on-year increase of 8.59%. Higher inventory levels also weigh the zinc prices. However, hopes of more stimulus for China's property sector supported and capped further weakness in zinc prices. Zinc futures are trading around \$2,300 a tonne, the lowest since September 2020. As of June 14th, zinc inventories in LME-registered warehouses have nearly doubled, reaching a one-year peak due to a shipment that arrived from Malaysia. Furthermore, Goldman Sachs has shifted to a bearish outlook on zinc, expecting an oversupply this year and predicting a substantial 659,000-ton surplus in 2025. Meanwhile, China's demand is recovering at a slower pace than initially anticipated with the latest reports indicating higher-than-anticipated factory gate deflation, declining imports, and reduced property investment. Despite these factors, Chinese producers are increasing their production after absorbing surplus concentrates.

Nickel

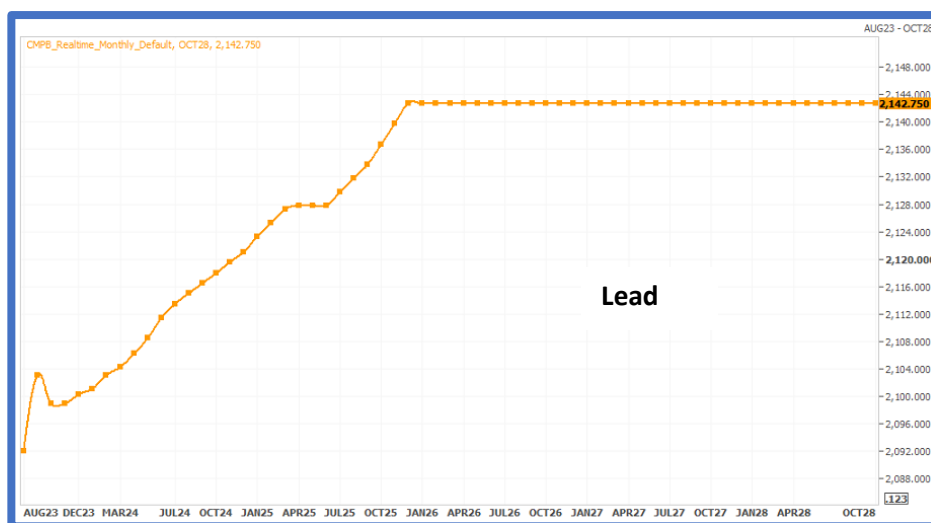
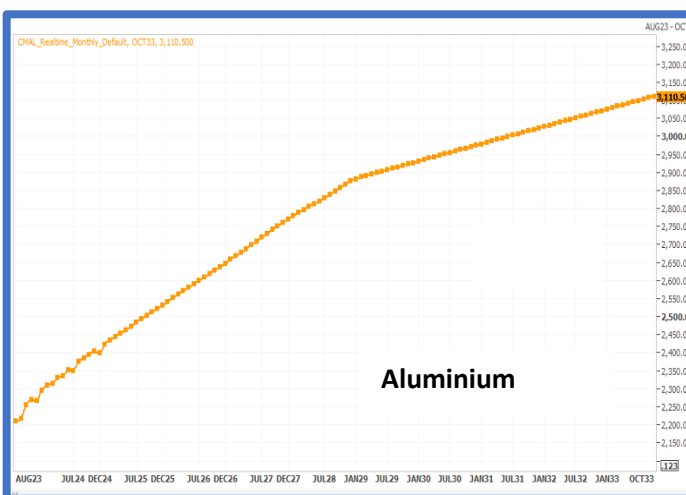
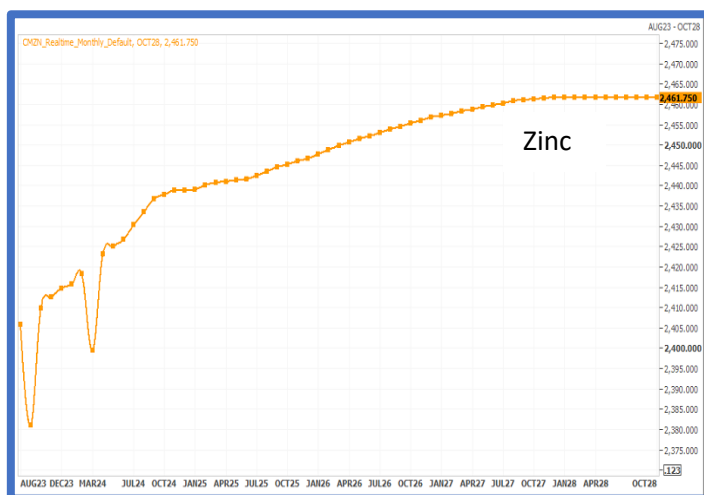
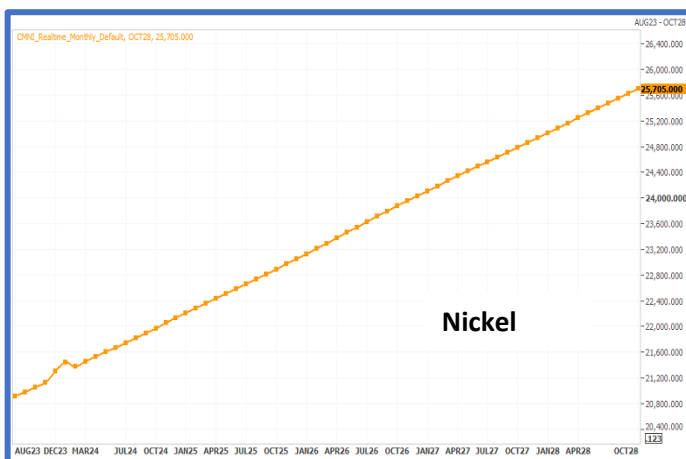
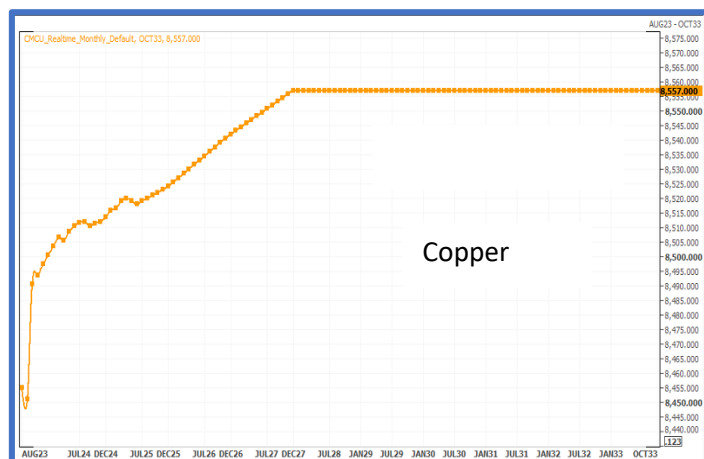
Nickel futures hovered around \$20,000 per tonne mark. Concerns piled up that China, one of the biggest producers, could further restrict exports of the strategic minerals, limiting the electric vehicles production and, thus, hurting nickel demand. Meanwhile, the International Nickel Study Group said the market faces the largest demand-supply surplus in at least a decade, mainly due to higher output from Indonesia and the Philippines. Indonesia's output has already grown to 1.58 million tonnes in the previous year, accounting for nearly half the worldwide stocks.

LME Warehouse Stock (Tonnes)		
Commodity	Closing Stock	Net Change
Copper	59200	25
Aluminium	517400	-3400
Zinc	80375	10650
Nickel	36924	-384
Lead	49025	600

MCX Spot Price		
Commodity	Bid	Ask
Copper	723.25	723.35
Aluminium	197.6	197.75
Zinc	213.25	213.35
Nickel	1705	1835
Lead	182.4	182.55

MCX 1M Futures Price		
Commodity	Bid	Ask
Copper	724.1	724.45
Aluminium	199.2	199.35
Zinc	214.05	214.25
Nickel	0	0
Lead	183.65	183.9

Forward Curves



Technical Analysis

1. Copper



LME Copper: \$8459: Copper prices are consolidating in a symmetrical triangle continuation pattern which usually indicates that the break out would on the side of existing trend which is copper negative as of now. The metal is supported by weak USD on side even though the demand concerns remain. We would prefer to remain neutral as of now and wait for break out confirmation before taking sides.

2. Nickel



LME 3M Nickel \$21520: The prices are possibly approaching the end of consolidation phase and are poised for break out soon. Oversold condition have been offset by weak physical demand. Here also we would like to wait and watch. Trading positions, both buy and sell may be squared at current price point.

3. Aluminium



LME 3M Aluminium 2228.50:

Aluminium prices are also exhibiting pattern similar to nickel and look poised for break out. Oversold market conditions may result in false breakout so it would be prudent to see weekly closing of the metal. Resistance is at \$2258 followed by \$2326 while support is at \$2071 mark.

4. Zinc



LME Zinc \$2387: Zinc prices recovered only marginally from extreme oversold condition, possibly on weak USD. Overall trend continues to be negative. the metal is currently trading in \$2320-\$2520 and is likely to do so in near future. End users can use aforesaid range to plan their buying and selling requirements.

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