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Zinc It to Win It!!!

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14/09/2023

Zinc Fundamental Update

- After falling 50% from peak of 2022, LME zinc prices have surged from lows of \$2,215 to \$2,550 in a span of last 6 months , driven by an improved demand outlook
- China is the biggest consumer of zinc and expectation of additional stimulus measures to boost its economy could be supportive for prices
- China imported 76,800 metric tons of zinc in July – highest monthly import since April 2019, suggests renewed appetite for the metal
- Inventory are shallow and constrained Cash-3M spreads are indicating persistent supply constraints, despite increased domestic production of refined zinc in China
- LME Zinc inventories reached its highest level since February 2022, and have started to slide once again
- ShFE stocks of zinc have doubled this year, reaching 46,579 tons, however they are still at lows compared to over 2 lakhs in 2020
- The cash-3M spread is at the highest since March 2021, which indicates ample immediate supply of zinc
- At around \$2,265 - 2,300, small and medium-sized zinc mines, particularly in Europe and Australia, are grappling with profitability challenges
- High operating costs and declining zinc prices have led to mine suspensions, such as Almina-Minas do Alentejo in Aljustrel, which is set to remain suspended until the second quarter of 2025
- Overall, the fundamentals are mixed but additional steps from China could help continue the positive momentum.

MCX Zinc Technical Update



- MCX Zinc prices have decisively breached above the neckline resistance of Inverse Head and Shoulder pattern on 4 hourly chart which was placed near Rs. 222 level. Prices are likely to head towards Rs. 234 level and further extend the rally towards Rs. 238 level according to the pattern.
- The 14- period RSI on 4 hourly chart has crossed above 60 mark which signals that counter is gaining strength in momentum on the higher side. Critical support is now placed near the right shoulder of the pattern placed at Rs. 216 level.
- We recommend to create long positions in the counter at Rs. 225 and add further positions near Rs. 221 level with stop loss below Rs. 216 level for the expected targets of Rs. 234 and Rs. 238 levels.

LME Zinc Technical Update



- LME Zinc prices have picked up momentum since last three trading sessions. Prices have recently breached above the 100 EMA (Exponential Moving Average) on daily chart which is placed at \$2500 level. The next leg of rally is likely to push prices towards \$2700 and extend the rally further towards \$2680 level.
- The 14-period RSI on daily chart has climbed above 60 mark which signals strength in momentum on the higher side. Critical support is now placed near \$2440 level.
- We recommend to create long positions in the counter at \$2540 and add further positions near \$2500 levels for the upside targets of \$2660 and \$2700 levels. Our view will be negated if prices break below \$2440 level on sustainable basis.

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