



Monday, November 20, 2023

Perspective

Copper on the LME traded from last week to their highest in nearly eight weeks on a softer dollar and hopes of improving demand after Chinese officials promised support to the country's property sector. The dollar slid to a two-month low as traders reaffirmed their belief that U.S. rates have peaked and turned their attention to when the Fed could begin cutting rates.

Meanwhile, China's central bank and financial regulators pledged to ensure financing support for the property sector and to work together to resolve local government debt risks. The real estate sector accounts for a large portion of consumption for copper and other base metals. A boost to the property sector is likely to support metals demand. The outlook for copper brightened as Beijing pledged to target CNY 1 trillion in manufacturing and infrastructure development, boosting demand.

Notably, China's refined copper production surged by 13.3% to 11.3 million metric tons YoY in October. Copper inventories at SHFE-monitored warehouses declined by 11.0% from the previous Friday. ICSG reported a 33,000 metric tons deficit in the global refined copper market in August, compared to a 30,000 metric tons deficit in July.

First Quantum Minerals last week reduced ore processing at Cobre Panama, one of the world's biggest copper mines, as protests against the project blocked port access. The world

Commodity	Copper	Aluminum	Zinc
Open	710.65	204.4	228.15
Close	711.5	203.40	227.15
Change	13.75	-1.40	-0.05
% Change	1.97%	-0.68%	-0.02%
Open Int.	4411	2818	3004
Change	-2928	-73	-1652
Pivot	709.7	203.7	227.5
Resistance	714.2	204.4	228.5
Support	707.0	202.7	226.1

LME Inventory Weekly Market Data				
Commodity	Copper	Nickel	Aluminum	Zinc
Open	179925	43374	479650	69225
Close	181275	44316	481775	133050
Change	1350	942	2125	63825
% Change	0.75%	2.17%	0.44%	92.20%

will wait to see what happens in Panama. There's no doubt that on the mining side of things, it's pretty tight.

Aluminium has another story to say - China's aluminium imports rose for the fifth straight month in October, as buying appetite improved amid solid demand and expectations of reduced supply in the domestic market. China imported 351,065 metric tons of unwrought aluminium and products including primary metal and unwrought, alloyed aluminium last month. October imports climbed 5.8% from 331,716 tons imported in September and were up 78.7% YoY.

Aluminium smelters in south-western Yunnan province started cutting a total of 1.15 million tons of capacity in early November to comply with power curbs expected to last until April. Yunnan, with around 5.7 million tons of capacity, is the fourth-biggest aluminium producing region in China and accounts for around 12% of the country's total capacity. Imports of the light metal for the first 10 months were at 2.39 million tons, up 27.5% from the same period in 2022. China's imports of primary aluminium from Russia have surged 191% to 806,253 tons in the first nine months this year.

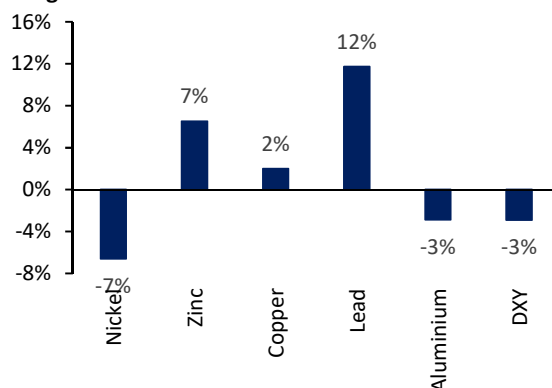
Imports of bauxite, rose 24.7% YoY to 11.1 million tons last month, underpinned by strong demand. Domestic output of primary aluminium hit a record monthly high, thanks to higher profits for smelters. Bauxite imports over the January-October period totalled 117.7 million metric tons, up 13.7% from a year earlier.

Outlook:

The dollar was on track for one of its steepest weekly falls against major currencies this year as concerns grow about the worsening global economic outlook. A weaker U.S. currency makes dollar-priced commodities less expensive for holders of other currencies. Although the global economic outlook is challenging, an expected improvement in manufacturing activity, the ongoing energy transition and the development of new semis production capacity in various countries should support higher growth over the next few months.

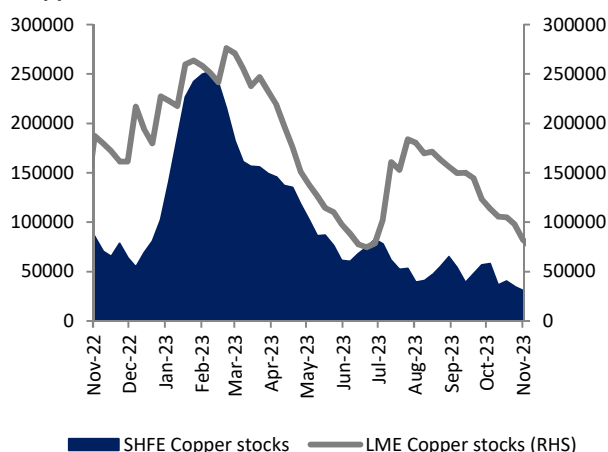


Change in LME Metals MTD



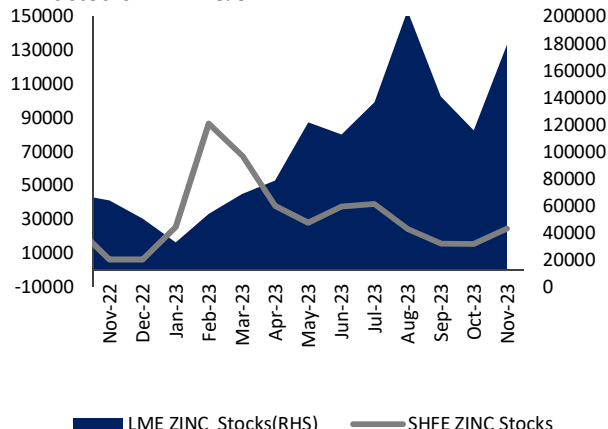
Source: - Reuters

Copper LME and SHFE Stocks



Source: Reuters

Zinc stocks in LME & SHFE



Source: Reuters

Technical Outlook: -



Copper

In the last week, copper gave a positive close, with a gain of over 13 rupees or nearly +2.00%. This marked the positive close for the week. The 14- period RSI currently stands at 56, positioned above the midpoint, signalling market strength. Immediate support can be identified in the Rs.704 to 702 range, however it is poised to continue its upward march possibly reaching around Rs. 722 to 724. We have observed base formation at support region followed by a consolidation range breakout. The expected target range for a potential upward movement would be between Rs. 730 and 735.



Zinc

In last week, zinc witnessed a negative closure, with a loss of more than 1.00 rupee or - 0.53%. The 14- period Relative Strength Index (RSI) currently stands at 57, positioned above the midpoint, signalling market strength. It is placed in an upward sloping channel where immediate support can be identified in the Rs. 223 to 222 range. Nevertheless, we anticipate a corrective rally, possibly reaching around Rs. 235 to 237. The expected target range for a potential upward movement would be between Rs. 240 and 241.



Aluminium

In Last week, aluminium prices saw a negative close of over 1.50 rupees, equivalent to a loss of 0.76%. The 14- period Relative Strength Index (RSI) currently stands at 51, positioned above the midpoint, signalling market strength. We anticipate a retracement on the upside, however prices could encounter significant resistance around the Rs. 209- 210 level. If there is a successful breakthrough and closure above this resistance level, it has the ability to push prices towards the range of Rs. 214 to 215. For now, the immediate support level stands at Rs. 200. Below that, a crucial support region is placed at Rs. 195.





Navneet Damani	Research-Head	navneetdamani@motilaloswal.com
-----------------------	----------------------	--

For any details contact:

Commodities Advisory Desk - +91 22 3958 3600

commoditiesresearch@motilaloswal.com

Commodity Disclosure & Disclaimer:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

Terms & Conditions:

- This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.
- This material is for the personal information of the authorized recipient and we are not soliciting any action based upon it.
- This report is not to be construed as an offer to sell or solicitation of an offer to buy any commodity or commodity derivative to any person in any jurisdiction where such an offer or solicitation would be illegal.
- It is for the general information of clients of MOFSL. It doesn't constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.
- The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL.
- The report is based on the facts, figures and information that are considered true, correct, reliable and accurate.
- All such information and opinions are subject to change without notice.
- Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
- We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed.
- Neither MOFSL, nor any person connected with it, accepts any liability arising from the use of this document.
- The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the commodity referred to in this material may go up or down. Past performance is not a guide for future performance.
- Certain transactions including those involving commodity derivatives involve substantial risk and are not suitable for all investors.
- Reports based on technical analysis centers on studying charts of a commodity's price movement and trading volume as opposed to focusing on a commodity's fundamentals and as such may not match with a report on a commodity's fundamentals.
- Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject commodity for which Research Team have expressed their views.
- MOFSL or its associates or Research Analyst or his relatives may have Open Position in subject commodity.
- A graph of daily closing prices of commodities is available at <http://www.moneyline.co.in/>.
- Opinions expressed are our current opinions as of the date appearing on this material only. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.
- The commodities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.
- This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.
- The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the commodities mentioned in this document.
- The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein.
- The commodities described herein may or may not be eligible for trade in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.
- Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.
- MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may (a) from time to time, have long or short positions in, and buy or sell the commodities mentioned herein 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 commodity/ (ies) discussed herein or have other potential conflict of interest with respect to any recommendation and related information and opinions. However the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the commodities mentioned in the research report.
- MOFSL and its associates and Research Analyst have not received any compensation or other benefits in connection with the research report. Compensation of Research Analysts is not based on any brokerage transactions generated by broking activities under Motilal Oswal group.

This report is meant for the clients of Motilal Oswal only.

Investment 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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.



Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.