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Zinc: Leading the Metals Pack

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Zinc Fundamental Update

- After a see-saw move in metals, zinc is the only one which is still holding on, while others have retracted most gain of 2024
- Cash - 3M contract is trading at a premium of \$45 indicating near term tightness
- ILZSG data indicates of a deficit in 2024 as supply underperforms against the demand growth
- Chinese data have started to show some green shoots with industrial demand rising along with better manufacturing PMI figures
- Downside was limited on improved demand in China following recent price declines and supportive monetary policies from the PBoC
- China's zinc concentrate imports plummeted by 24% in the first four months of the year, reflecting a tightening raw materials market
- Dwindling spot treatment charges for imported zinc concentrates are insufficient to cover processing costs for many Chinese smelters
- LME zinc stocks rose from 30,475 tons to 255,900 tons since the beginning of 2023, driven partly by inventory churn and financial activities
- Despite this, global zinc market surplus narrowed to 22,100 mt in April from 70,100 mt in March, indicating tighter supply-demand dynamics
- The outlook is still optimistic; for another 4-5% upside towards \$3050 followed by \$3100.

MCX Zinc Technical Update



- The trend for MCX Zinc is positive, and the bullish trend is expected to continue as prices took support near upward sloping trend line and at the same time, In the lower time zinc has given a range breakout.
- The 14-period RSI on daily chart has climbed above 50 mark which signals strength in momentum on the higher side. The initial expected target is Rs. 276 after that 280 will be the next target based on the pattern formation. We recommended to buy at Rs. 268 and add on correction towards Rs. 264 levels.
- If prices trade below Rs. 255 level on a sustainable basis, our view will be invalidated.

LME Zinc Technical Update



- The trend for LME Zinc is positive, and the bullish trend is expected to continue as prices has given a consolidation breakout with bullish candlestick.
- The 14-period RSI on daily chart has climbed above 60 mark which signals strength in momentum on the higher side. The initial expected target is \$3065 after that \$3100 will be the next target based on the pattern formation. We recommended to buy at \$2975 and add on correction towards \$2935 levels.
- If prices close below \$2830, the view will be invalidated.

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