

Daily Copper Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 14 Sep 2017

LME & MCX Copper Outlook Summary

13 Sep 2017	LME Copper CSP USD/MT	LME Copper3M Forward USD/MT	SHFE Copper 3M Forward CNY/MT	MCX Copper Nov'17 INR/Kg	EURUSD
Closing Price	6527.00	6555.00	51270	424.20	1.1885
Change	-1.13%	-1.75%	-0.79%	-1.54%	-0.67%

Fundamental Summary	Critical Price drivers		Price Direction
	Tighter SnD balance forecasts		Upward
	Exchange stock scenario		Mixed
	Weak Chinese economic numbers		Downward
Dollar movement		Mixed	

Next 10 Trading days	LME Copper 3M Forward		MCX Copper June'17
	Price Outlook Summary		Prices are likely to stay below USD 6700 and trade lower towards USD 6400 in the coming 3-5 trading days.
	Direction		Downward
	Price Range		6700 to 6400
		Prices are likely to stay below INR 435 and trade lower towards INR 410 in the coming 3-5 trading days.	
		Downward	
		435 to 410	

LME Copper Spot Procurement Strategy for spot month*

Open Position	Pricing Window			Already Priced	
	Start	End	Avg till Date	Weighted Average Price	Quantity
	1 Sep 2017	30 Sep 2017	6767.22	6735	70%
			Yet to be Priced (30%)		

Strategy Review

Closed Positions Audit

* Please contact Engagement manager for forward / long term buying strategies

Cover at USD 6400 30%

30% of Oct'17 buying requirement completed at USD 6875 on Sep 07, 2017.
40% of Oct'17 buying requirement completed at USD 6630 on Sep 12, 2017.

Market	Period	Procurement savings % (Bettering the market average)
LME Copper 3M Forward	Mar'13 to Till Date Aug 2017	0.30% -2.73%

LME Copper Trading Strategy

Fresh / Open Position

Strategy Review

Closed Positions Audit

Contract	Position	Entry	Entry Date	Objective	Stop loss
3M Fwd	--	--	--	-	-
Suggested long position of USD 6600 was booked loss of USD 70 on Sep 13. Traders may wait for fresh strategy.					
Market	Period	Strike Rate %	Net Profit Per Lot		
LME Copper 3M	July 2012 Till Date Aug 2017	66.25% 25%	USD 816 -USD 1312.50		

MCX Copper Trading Strategy

Fresh / Open Position

Strategy Review

Closed Positions

Contract	Position	Entry	Entry Date	Objective	Stop loss
Nov'17	---	--	--	--	--
Suggested long position of INR 429 was booked loss of INR 4 on Sep 13. Traders may wait for fresh strategy.					
Market	Period	Strike Rate %	Net Profit Per Lot		

Audit	MCX	Dec 2010 Till Date	57.14%	INR 834.71
	Copper1M	Aug 2017	0%	-INR 6000

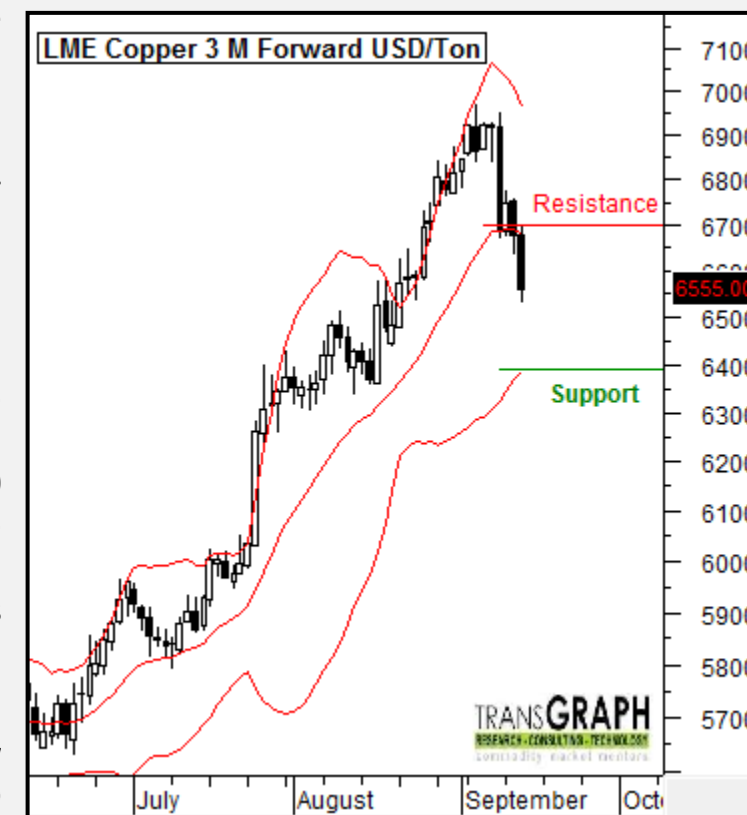
Fundamental Analysis

- ❖ LME Copper traded further negative during yesterday's session pressured by profit taking and closed 1.75% lower for the day. Recent uptick in Dollar against index also pressured the commodity price sentiments including that of LME Copper during yesterday's session. As cash price sentiments remain under pressure, forward spread remained in deep contango.
- ❖ At the economic front, Dollar edged higher against the basket of currencies during yesterday's session amid bargain hunting as market focus is seen shifting to the upcoming FOMC meeting next week.
- ❖ Markets will be looking forward to the consumer price inflation data slated to release later today to gauge the FOMC's monetary policy prospect. With CPI remaining below the FED's target of 2%, has resulted in expectations of differing the rate hike timing, adding to the pressure on US dollar in the past two months.
- ❖ Data released early today indicated that the Chinese industrial growth for the month of August has fallen to 6% from 6.4% the previous month. Even retail sales and fixed asset investment have moderated during the month August. Downbeat economic numbers are likely to weigh on base metal price sentiments.
- ❖ At the fundamental front, data released last Friday indicated that imports of unwrought Copper by China held steady for a fourth month in August at 390 thousand tons, up by 11.4% from 350 thousand tons a year ago. However, total unwrought imports for the first eight months this year remain lower by 12.8% compared to last year at 3 million tons.
- ❖ Continued surge in expectations for a tighter SnD balance amid recent mine disruptions that were further aggravated in the last few weeks have aided Copper price sentiments last month. Workers' tensions have been there at some major mine complexes and have escalated in the last couple of weeks augmenting the concerns of sharp decline in mine output that has been falling since February following the Chilean workers strike.

- ❖ Further, with Chinese authorities tightening screws on scrap imports of lower grade that includes that of Copper as well chunk of speculative interest has followed into the refined Copper market resulting in sharp surge in prices.
- ❖ But, as reported by ICSG the refined Copper demand has remained subdued which has declined by 2.5% YoY in the first five months. This has resulted in surplus of around 14 thousand tons (seasonally adjusted surplus of 125 thousand tons) in the first five months that should keep the physical sentiments depressed.

Technical Outlook: LME Copper 3M Forward

- ❖ LME Copper 3M forward prices have extended the bearish momentum and closed at USD 6555 in the last trading day.
- ❖ Prices closed below middle Bollinger band suggesting further short term weakness towards lower boundary.
- ❖ On the daily technical setup, momentum indicator RSI(14) witnessing bearish divergence suggesting short term correction.
- ❖ On the higher side the USD 6700 region can act as immediate resistance.
- ❖ On the down side, USD 6400 can act as immediate support.



Concisely, prices are likely to stay below USD 6700 and trade lower towards USD 6400 in the coming 3-5 trading days.

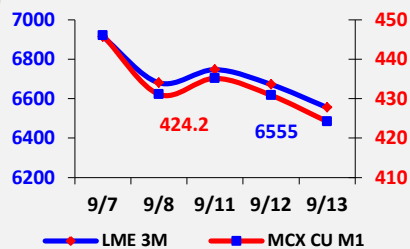
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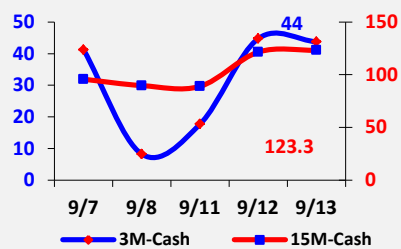


Mini Charts

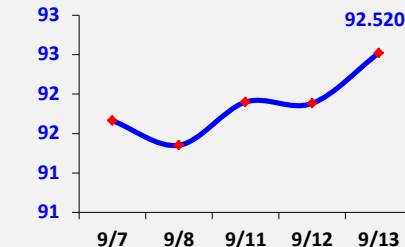
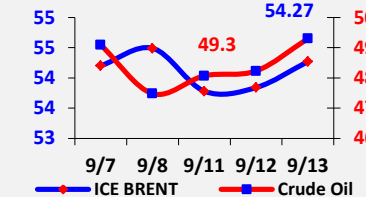
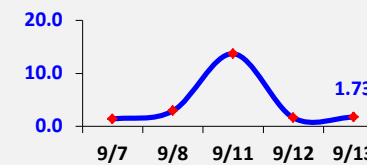
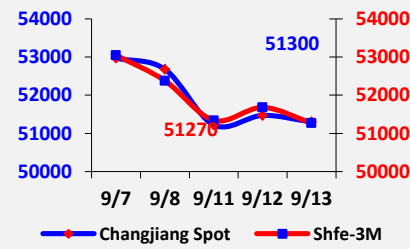
Copper Prices



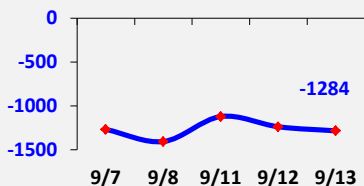
LME Spreads



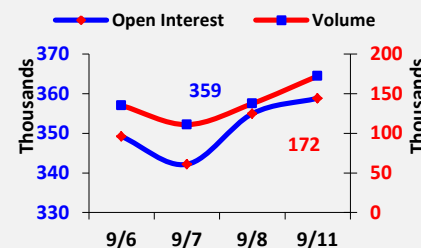
Chinese Market



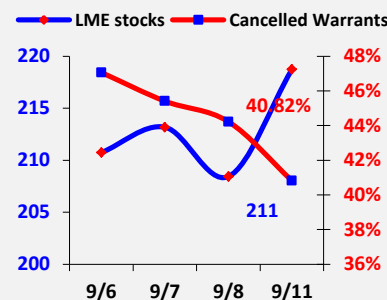
LME-SHFE Arbitrage



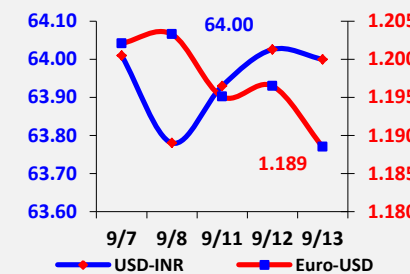
Financial Trade



LME Inventory

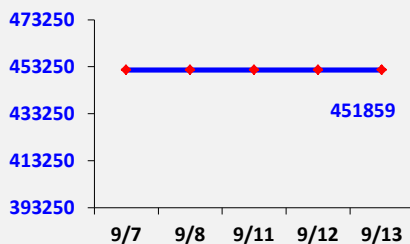


Currency

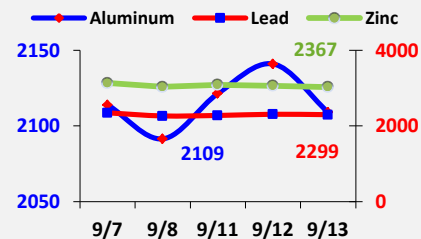


Market Prices

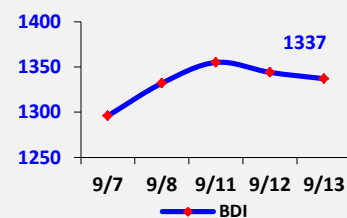
HCL Copper



Other Industrial Metals



BDI



Put-Call Ratio

WTI & BRENT Crude Oil

Dollar index

Exchange	Contract	13 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
LME CU	3M	6678.50	6693.00	6529.00	6555.00	-1.75%	6672.00
USD/MT	Forward						
SHFE CU	3M	51120	51510	50980	51270	-0.79%	51680
CNY/MT	Forward						
MCX CU	Nov'17	430.55	430.55	421.95	424.20	-1.54%	430.85
INR/Kg	Feb'18	434.50	434.50	426.80	428.85	-1.48%	435.30

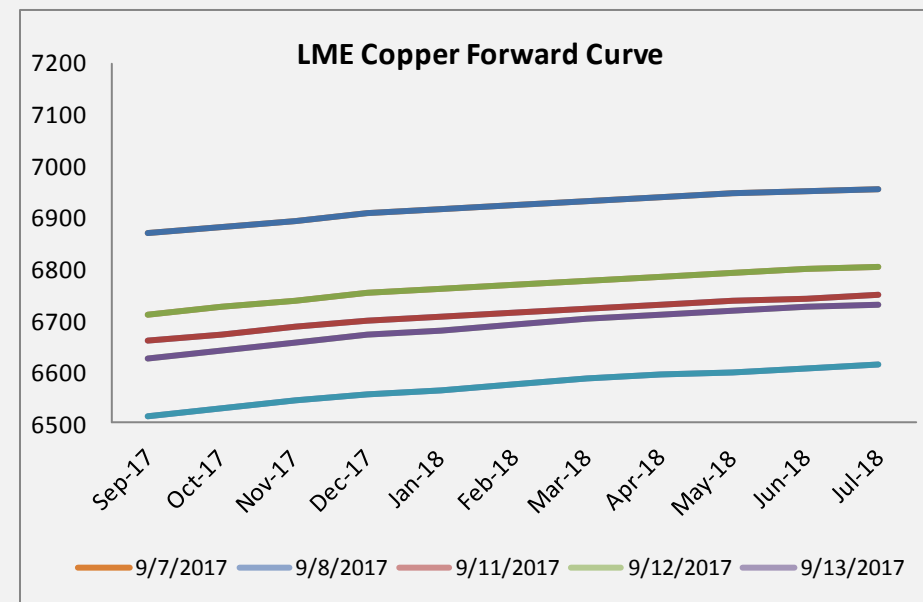
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Market	Commodity	13-Sep-17	12-Sep-17	Change	%Change
LME	Copper CSP USD/MT	6527.00	6601.50	-74.5	-1.13%
Changjiang	Copper Spot CNY/MT	51300	51470	-170	-0.33%
	Copper wire Scrap (#1 Bare Bright), USD/MT	6490	6540	-50	-0.76%
India, Mumbai	Copper Spot INR/MT	428000	431850	-3850	-0.89%
LME	Warehouse stocks (In MT)*	218725	208425	10300	4.94%

*LME releases stocks data for the prior day a day later by 09:00 hrs (London Time)



Currency	13 Sep 2017	12 Sep 2017	Change	% Change
Dollar Index	92.52	91.882	0.638	0.7%
EURUSD	1.1885	1.1965	-0.0080	-0.7%
GBPUSD	1.3209	1.3282	-0.0073	-0.5%
USDJPY	110.47	110.16	0.31	0.3%
USDBRL	3.1349	3.1245	0.0104	0.3%
USDTHB	33.13	33.11	0.02	0.1%
USDINR	64	64.026	-0.03	0.0%
USDCNY	6.54	6.5334	0.0066	0.1%
USDIDR	13201	13190	11.00	0.1%
USDMYR	4.19	4.206	-0.016	-0.4%

Our Extensive coverage of Industrial & Base Metals

Report	Coverage #	Price Outlook & Strategies
Daily Aluminium Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.AL3M.LME, IN.ALc1.MCX
Daily Copper Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.CU3M.LME, IN.CUc1.MCX
Daily Lead Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.PB3M.LME, IN.PBc1.MCX
Daily Zinc Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.ZN3M.LME, IN.ZIc1.MCX
Bi-Weekly Aluminium Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.AL3M.LME
Bi-Weekly Copper Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.CU3M.LME
Bi-Weekly Lead Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.PB3M.LME
Bi-Weekly Zinc Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.ZN3M.LME

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Bi-Weekly Gold Technical Analysis and Price Outlook	EWA, PO, 6W, 4-6M	US.AU.SPOT, US.AG.SPOT, IN.AU.MCX, IN.AG.MCX
Weekly Indian Steel Flats Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	IN.HRC.LUDHN
Weekly Indian Steel Longs Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	IN.REBAR.MUM
Weekly Indian Steel Raw Materials Price Outlook and Strategy	NU, FA, PO, FF, MP, 2W, 6W	--
Monthly Aluminium Special Report	FA, BS, TA, PO, 2M	UK.AL3M.LME
Monthly Copper Special Report	FA, BS, TA, PO, 2M	UK.CU3M.LME
Monthly Lead Special Report	FA, BS, TA, PO, 2M	UK.PB3M.LME
Monthly Zinc Special Report	FA, BS, TA, PO, 2M	UK.ZN3M.LME
Monthly Indian Steel Flats Special Report	FA, BS, TA, PO, 2M	IN.HRC.LUDHN, IN.CRC.LUDHN
Monthly Indian Steel Longs Special Report	FA, BS, TA, PO, 2M	IN.REBAR.MUM

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

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