

# Daily Lead Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 12 Sep 2017

## LME & MCX Lead Outlook Summary

11 Sep 2017	LME Lead CSP USD/MT	LME Lead3M Forward USD/MT	SHFE Lead 3M Forward CNY/MT	MCX Lead Sep'17 INR/Kg	EURUSD
Closing Price	2260.00	2278.50	18310	144.50	1.1951
Change	-0.53%	0.57%	-1.98%	0.52%	-0.68%

Fundamental Summary	Critical Price drivers		Price Direction
	Chinese economic data		Upward
	US Dollar movement		Mixed
	LME inventory movement		Mixed
	ILZSG data showing supply deficit		Mixed

Next 10 Trading days	LME Lead 3M Forward		MCX Lead July'17
	Price Outlook Summary		Prices are likely to extend weakness towards USD 2210 before turning positive towards USD 2320 levels in the coming 3 to 5 trading days.
	Direction		Mixed
	Price Range		USD 2200 to 2320
			Prices are likely to extend weakness towards INR 140 before turning positive towards INR 150 in the coming 3 to 5 trading days.
			Mixed
			INR 140 to 150

## LME Lead Spot Procurement Strategy for spot month\*

Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
	01 Sep	30 Sep	2320.43	--	--

Strategy Review	2017	2017	Yet to be Priced (100%)	
				Cover at USD 2240
Closed Positions Audit	Market	Period	Procurement savings % (Bettering the market average)	
	LME Lead Cash	2013 to Till Date Sep 2017		0.68% -1.65%

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

## LME Lead Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop loss
	3M Fwd	--	--	--	--	--
Strategy Review	Traders may wait for fresh strategy.					
	Market	Period	Strike Rate %	Net Profit Per Lot		
Closed Positions Audit	LME Lead 3M	Aug 2012 Till Date	68.21%	USD 263.62		
		Aug 2017	75%	USD 93.75		

## MCX Lead Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop loss
	Sep'17	Bought	145.50	Sep 08	Exit at 146	Below 142
Strategy Review	Traders may consider above mentioned strategy.					
	Market	Period	Strike Rate %	Net Profit Per Lot		
Closed Positions Audit	MCX Lead1M	Dec 2010 Till Date	60.45%	INR 2185		

Aug 2017

57%

INR 1714

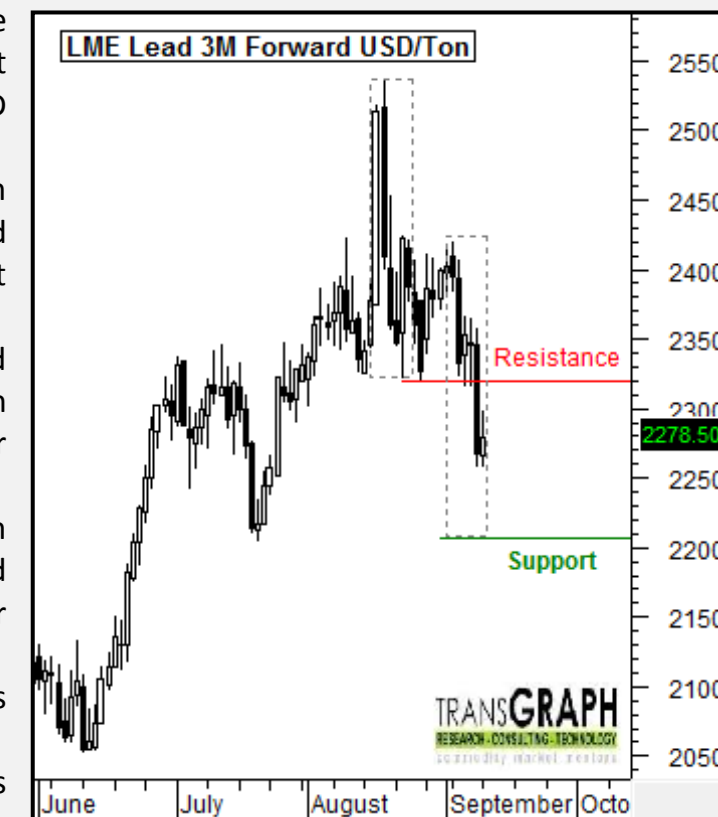
## Fundamental Analysis

- ❖ LME Lead traded in a narrow range during yesterday's session after falling sharply last week pressured by unwinding of the long positions taking cues from sharp fall in Copper prices. Surge in LME inventory witnessed in the last few days also weighed on prices.
- ❖ At the economic front, Dollar traded positive during Monday's session against the basket of currencies as the risk sentiments improved after Pyangong marked its anniversary, over the weekend, without any further missile tests. Further, weakening of hurricane Irma to a tropical storm has helped dollar sentiments.
- ❖ Markets await next week's FOMC meeting (September 20) where FED is likely to be on the dovish side amid the recent fall in inflation and growth moderation. FOMC members in their statements in the recent times have sounded dovish failing to ascertain any further rate hike this year.
- ❖ At the fundamental front, available tonnage at LME warehouses has increased by more than 32.5 thousand tons since the beginning of the month. While stocks have increased by close to 16 thousand tons, cancelled warrants have declined by more close to 17 thousand tons resulting in a sharp increase in the on warrant stocks. This has resulted in further widening of the forward spread in contango to USD 30 levels.
- ❖ ILZSG earlier reported that the global refined lead market witnessed a deficit of 86 thousand tons for the first six months of this year, compared to 91KT for the first five months indicating a supply surplus for the month of June. Mine production has risen by 11.7% due to output rise in China, Kazakhstan and India. Upbeat demand, mainly on account of improved Chinese refined lead usage by 13.3% and US apparent demand of 22.8% has led to a rise of 10% YoY at the global level in the first six months led to tightness in the refined market even as production increased by 7.8% YoY.
- ❖ Having turned net importer this year, China has imported 58.8 thousand tons of refined Lead in the first seven months with around 6.26 thousand tons imported during July compared to 11.2 tons imported in June. This fall in refined imports is negative for prices. Also, lead

concentrates imports for the first seven months have fallen by 2.28% YoY to 752.7 thousand tons indicating supply tightness in market which is supportive for lead prices.

## Technical Outlook: LME Lead 3M Forward

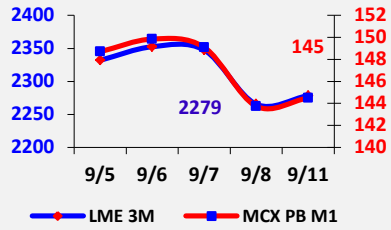
- ❖ LME Lead 3 month Forward prices have extended the weakness below recent consolidation zone and closed at USD 2278 in the last trading day.
- ❖ Prices have broken the consolidation zone of USD 2420-2320 levels and extending the weakness which can test the July'17 swing low at USD 2210 levels.
- ❖ Prices have resumed the bearish trend after minor consolidation which can extend towards equal length of prior bearish leg.
- ❖ On the daily technical setup, momentum indicators like RSI (14) has surpassed below equilibrium suggesting further weakness.
- ❖ On the downside USD 2200 shall act as immediate support.
- ❖ On upside, USD 2320 shall act as immediate resistance.



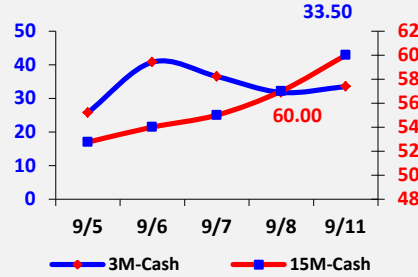
**Concisely, prices are likely to extend the weakness towards USD 2210 before turning positive towards USD 2320 levels in the coming 3 to 5 trading days.**

## Mini Charts

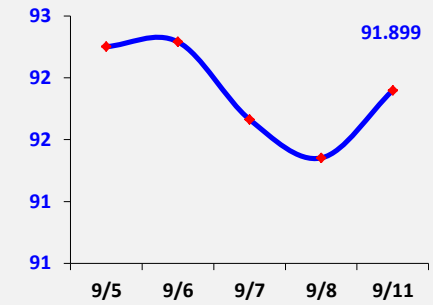
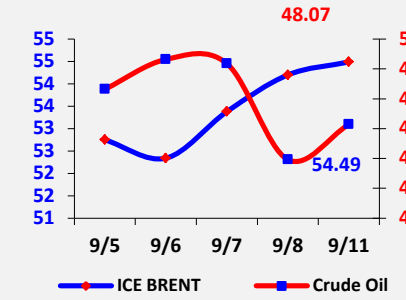
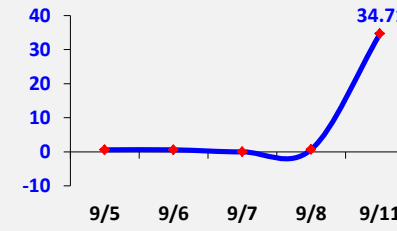
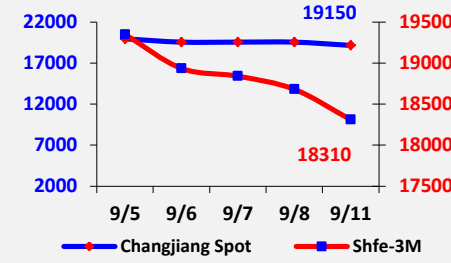
### Lead Prices



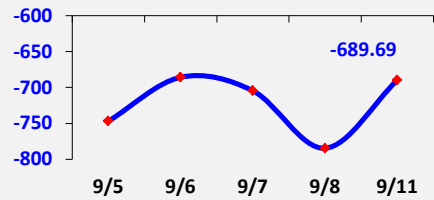
### LME Spreads



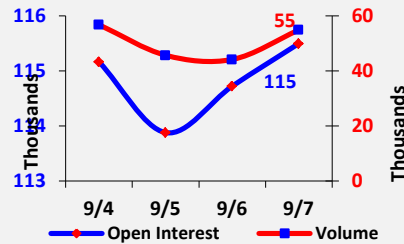
### Chinese Market



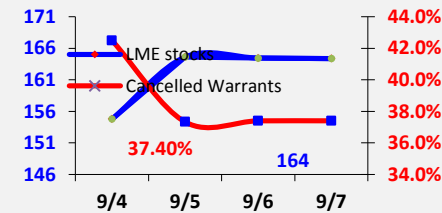
### LME-SHFE Arbitrage



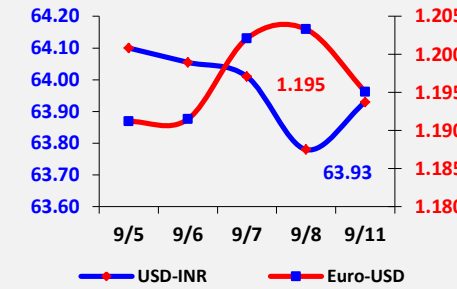
### Financial Trade



### LME Inventory



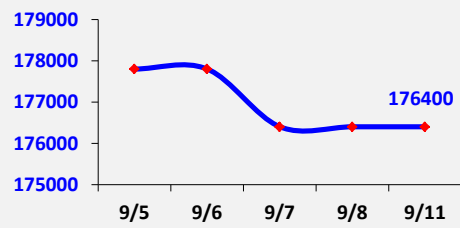
### Currency



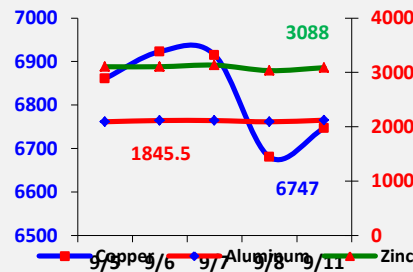
## Market Prices

Exchange	Contract	11 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
LME PB	3M	2266.00	2297.50	2257.00	2278.50	0.57%	2265.50
USD/MT	Forward						
SHFE PB	3M	18460	18500	18130	18310	-1.98%	18680
CNY/MT	Forward						
MCX PB	Sep'17	144.60	145.55	143.10	144.50	0.52%	143.75
INR/Kg	Oct'17	145.25	146.55	144.20	145.55	0.55%	144.75

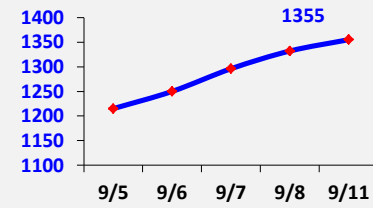
### HZL Lead



### Other Industrial Metals



### BDI



### Put-Call Ratio

### WTI & BRENT Crude Oil

### Dollar index

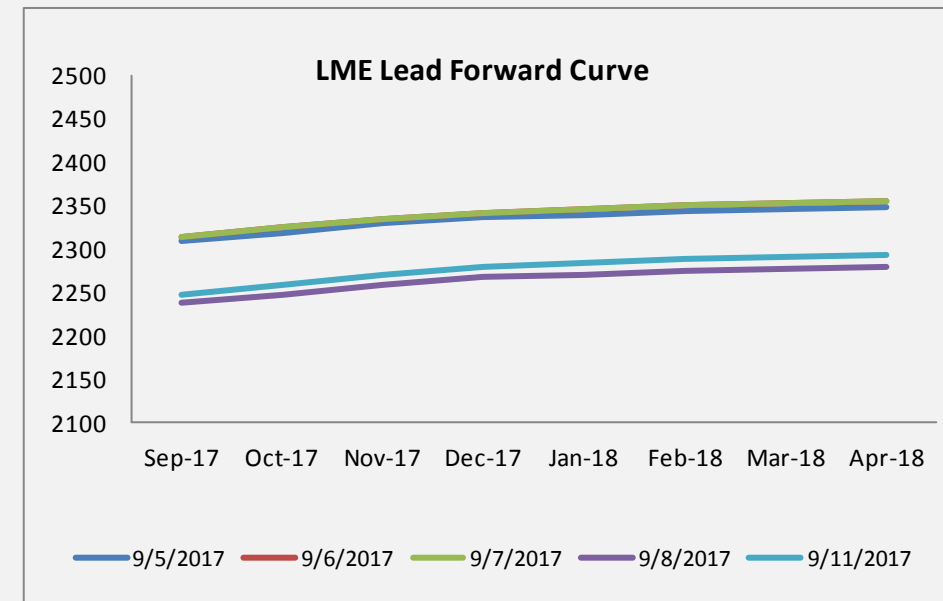
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Market	Commodity	11-Sep-17	08-Sep-17	Change	%Change
LME	Lead CSP USD/MT	2260.00	2272.00	-12	-0.53%
Changjiang	Lead Spot CNY/MT	19150	19550	-400	-2.05%
	HZL Lead Ex Chanderiya, INR/MT	176400	176400	0	0.00%
India, Mumbai	Lead Spot INR/MT	144350	145050	-700	-0.48%
LME	Warehouse stocks (In MT)*	164375	164450	-75	-0.05%

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



Currency	11 Sep 2017	08 Sep 2017	Change	% Change
Dollar Index	91.899	91.352	0.547	0.6%
EURUSD	1.1951	1.2033	-0.0082	-0.7%
GBPUSD	1.3162	1.3197	-0.0035	-0.3%
USDJPY	109.39	107.83	1.56	1.4%
USDBRL	3.1023	3.0865	0.0158	0.5%
USDTHB	33.11	33.11	0.00	0.0%
USDINR	63.93	63.78	0.15	0.2%
USDCNY	6.5254	6.4773	0.0481	0.7%
USDIDR	13160	13200	-40.00	-0.3%
USDMYR	4.195	4.192	0.003	0.1%

## 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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