

Daily Zinc Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 12 Sep 2017

LME & MCX Zinc Outlook Summary

11 Sep 2017	LME Zinc CSP USD/MT	LME Zinc 3M Forward USD/MT	SHFE Zinc 3M Forward CNY/MT	MCX Zinc Sep'17 INR/Kg	EURUSD
Closing Price	3109.00	3088.00	24570	197.30	1.1951
Change	0.91%	1.80%	-1.33%	1.88%	-0.68%

Critical Price drivers	Price Direction
Chinese refining capacity cuts	Upward
Global demand	Mixed
Chinese economic data	Upward
US Dollar movement	Mixed

	LME Zinc 3M Forward	MCX Zinc Sept'17
Price Outlook Summary	Prices are likely to trade lower towards USD 2980 by holding below 3160	Prices are likely to trade lower towards INR 190 by holding below 201
Direction	Downward	Downward
Price Range	3160 to 2980	201 to 190

LME Zinc Spot Procurement Strategy for spot month*

Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
	01 Sept	30 Sept	3128.93	3065	40%

Strategy Review	2017	2017	
Closed Positions Audit	20% of Oct'17 buying requirements was covered at USD 3080 on 29 th Aug'17.		
	20% of Oct'17 buying requirements was covered at USD 3050 on 8 th Aug'17.		
	Market	Period	Procurement savings % (Bettering the market average)
	LME Zinc	2013 to Till Date	0.54%
	Cash	September 2017	-2.29%

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

LME Zinc Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	3M Fwd	Sell	3120/25	--	3030	3225
	3M Fwd	Add on Sell	3160/65	--	3030	3225
Strategy Review	For fresh positions traders may consider the above mentioned strategy.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	LME Zinc 3M	Aug 2012 Till Date	65.60%		USD 14.11	
		Aug 2017	25%		USD -30	

MCX Zinc Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Sept'17	Sell	202/202.50	--	193.50	206

Strategy Review

For fresh positions traders may consider the above mentioned strategy.

Closed Positions Audit

Market	Period	Strike Rate %	Net Profit Per Lot
MCX Zinc1M	Dec 2010 Till Date	60.62%	INR 1134.37
	Aug 2017	25%	INR -8500

Fundamental Analysis

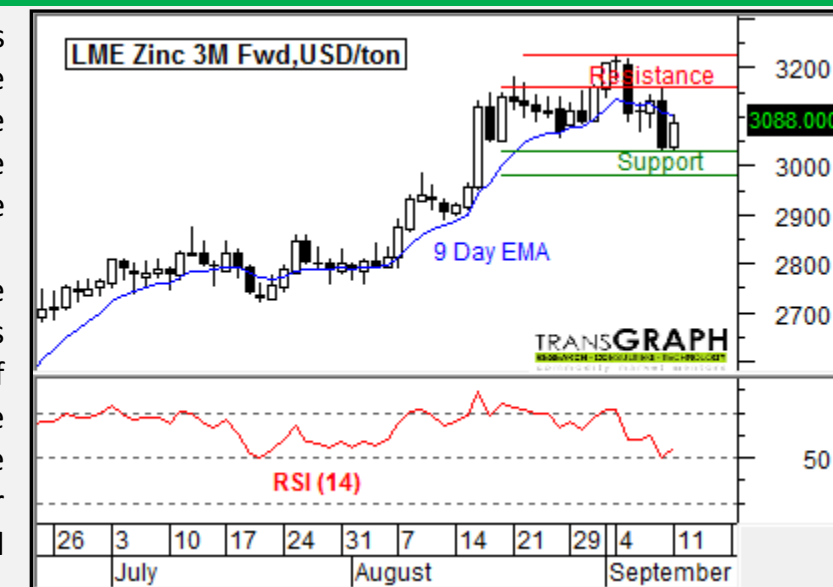
- ❖ LME Zinc traded higher with prices recovering from previous day's losses and closed 1.8% higher for the day amid bargain hunting.
- ❖ At the economic front, Dollar traded positive during Monday's session against the basket of currencies as the risk sentiments improved after Pyangong marked its anniversary, 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.
- ❖ Chinese concentrate zinc imports for the month of July has fallen by 4.2% MoM suggesting a decline in supply at the global market. However, refined zinc imports have risen by 63% MoM indicating rise in Chinese demand for zinc which is positive for Zinc prices.
- ❖ At the inventory front, stocks have witnessed rapid fall during the latter half of August. However, available stocks have remained almost flat throughout September. LME zinc stock levels have been declining from approximately 1.24 million tons in December 2012, to 246325 tons at LME, reflecting a significant shift in supply/demand. At a global consumption rate of 13.57 million tons for 2016, this equates to less than a week's supply which is a critically low level.
- ❖ In other fundamental news, ILZSG earlier reported that global refined Zinc market witnessed a deficit of 203 thousand tons during the first six months this year. While refined Zinc production increased by a marginal 0.5% YoY, demand growth also increased marginally by

0.6 YoY, amid increases in US and Taiwan balanced by decrease in Chinese demand of around 2.1%.

- ❖ On the other hand, mine production is reported to have surged sharply higher by 5.4% YoY in the first six months to 6.48 million tons following restart of earlier idled capacities and improved operating rates from miners in India, Eritrea and Peru. Despite rise in mine supplies, increasing demand has led to supply deficit which in turn led to rally in prices over the last few weeks.

Technical Outlook: LME Zinc 3M Forward

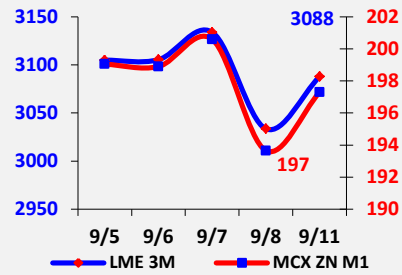
- ❖ LME Zinc 3 Month forward prices have traded with positive momentum and approached the short term moving average during its last trading day while closing at USD 3088.
- ❖ Prices have negated the sequence of higher highs and higher lows and breached below support of USD 3052 thereby shifting the sentiments back to negative which is likely to extend further weakness towards USD 2980 and lower in coming trading days.
- ❖ The momentum indicators 14-Day RSI is turning flat hovering above its equilibrium and Stochastic Oscillator (14,3,3) is also turning flat hovering below its equilibrium thereby indicating mixed price action ahead of further extension of weakness.
- ❖ On the higher side, USD 3160 shall act as immediate resistance followed by USD 3215.
- ❖ On the lower side, USD 3025 shall act as immediate support followed by USD 2980.



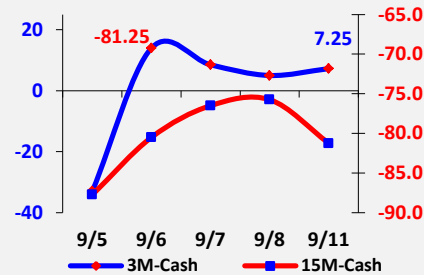
Concisely, prices are likely to trade lower towards USD 2980 by holding below 3160 in the coming 2 to 3 trading days.

Mini Charts

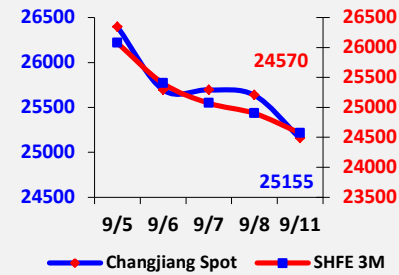
Zinc Prices



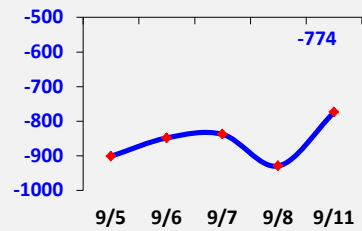
LME Spreads



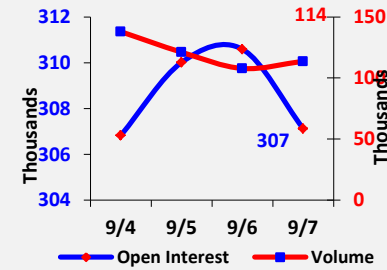
Chinese Market



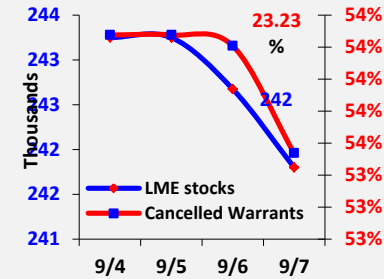
LME-SHFE Arbitrage



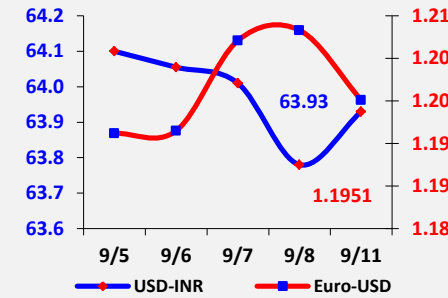
Financial Trade



LME Inventory

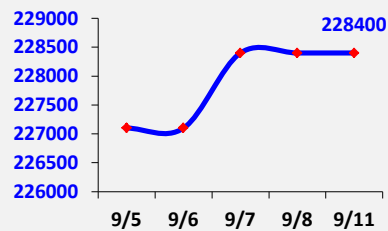


Currency

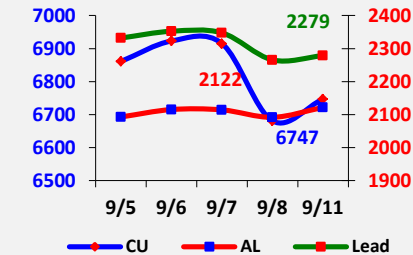


Market Prices

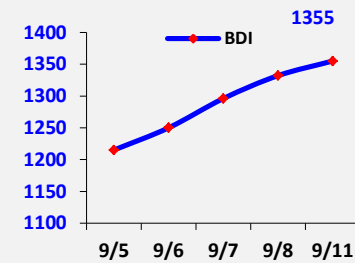
HZL Zinc



Other Industrial Metals



BDI



Put-Call Ratio

WTI & BRENT Crude Oil

Dollar index

Exchange	Contract	11 Sep 2017				% Change	Previous Close
		Open	High	Low	Close		
LME ZN	3M						
USD/MT	Forward	3037.50	3104.50	3029.00	3088.00	1.80%	3033.50
SHFE ZN	3M						
CNY/MT	Forward	24590	24985	24210	24570	-1.33%	24900
MCX ZN	Sep'17	194.50	198.45	194.50	197.30	1.88%	193.65
INR/Kg	Oct'17	195.75	198.55	195.00	197.55	1.83%	194.00

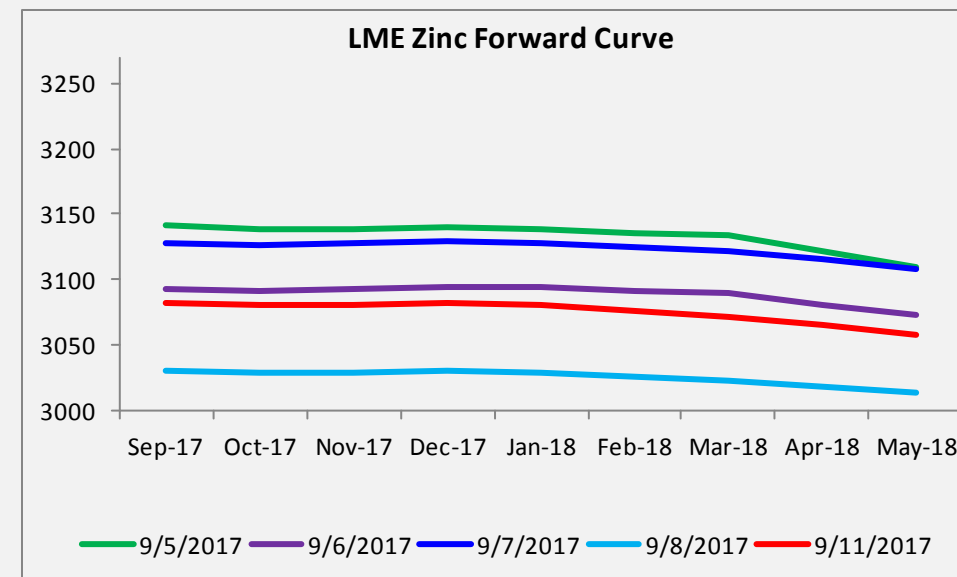
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Market	Commodity	11-Sep-17	08-Sep-17	Change	%Change
LME	Zinc CSP USD/MT	3109.00	3081.00	28	0.91%
Changjiang	Zinc Spot CNY/MT	25155	25635	-480	-1.87%
India, Chanderiya	HZL Zinc Ex Chanderiya, INR/MT	228400	228400	0	0.00%
India, Mumbai	Zinc Spot INR/MT	198600	196750	1850	0.94%
LME	Warehouse stocks (In MT)*	241800	242675	-875	-0.36%

*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
Bi-Weekly Gold Technical Analysis	EWA, PO, 6W, 4-6M	US.AU.SPOT, US.AG.SPOT, IN.AU.MCX, IN.AG.MCX

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and Price Outlook

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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