# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

## GOLD

**Market Outlook and Fundamental Analysis**:

Amid global uncertainty after Covid-19, bullion seen safe haven buying with Gold gain almost 9%, its best month in 4-years and prices near 7.5 year high as expectations of more monetary easing from central banks and persistent worries over a global recession lifted safe-haven demand. The U.S. Federal Reserve left interest rates unchanged and it should stay there for some time. Going forward, the unprecedented monetary stimulus provided by the European Central Bank and the Fed is likely to increase demand for gold.

Gold, a safe investment during times of political and financial uncertainty, tends to benefit from widespread stimulus measures from central banks because it is widely viewed as a hedge against inflation and currency debasement.

More than 3.03 million people have been reported to be infected by the novel coronavirus globally and 210,263 have died, according to a Reuters tally, as of 28-April. The pandemic, which has infected more than 3.2 million people globally and killed over 227,000, has also battered the global economy, prompting central banks to unleash massive fiscal and monetary measures to limit the economic toll.

Trump said on Thursday his trade deal with China was now of secondary importance to the coronavirus pandemic and he threatened new tariffs on Beijing, as his administration crafted retaliatory measures over the outbreak.

In month end meeting, the Fed kept interest rates near zero and promised to expand emergency programmers as needed to help the battered economy. After unveiling a raft of stimulus measures over the last six weeks, including plans to buy 1.1 trillion euros worth of debt this year, the ECB left interest rates unchanged. Lower interest rates reduce the opportunity cost of holding Non-yielding gold, which also tends to benefit from widespread stimulus measures as it is often seen as a hedge against inflation and currency debasement.

Latest Minutes released from the Fed's March meetings show the U.S. central bank's officials encountered little disagreement over policy choices as they launched a historic economic rescue plan. However, officials also faced uncertainty over the risks confronting them and as they tried to stay ahead of the rapidly spreading virus and anticipate its effects on the world's largest economy.

Volatility in financial markets across geographies and asset classes is at record highs as the relentless spread of the coronavirus outbreak threatens to derail global economic growth, analysts at U.S. stock market index operator S&P Global said. All the main U.S. stock indexes have lost nearly 30% since hitting record highs last month, with the benchmark S&P 500 off more than $8 trillion in value.

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Global gold demand rose in the first quarter as a surge in investment as the coronavirus outbreak convulsed global markets offset sharp falls in appetite from jewellers, industry and central banks, an industry report said. Exchange traded funds (ETFs) storing bullion for investors expanded their stockpile by 299.6 tonnes to record highs over January-March, said the report by consultants Refinitiv GFMS. That offset a 40% year-on-year fall in consumption of gold by jewellers to 308.6 tonnes, a 19% decline in use by industry to 75.3 tonnes and an 11% dip in purchases by central banks to 129.3 tonnes, the report said. Retail investment — purchases of bars and coins by individuals — also fell 11% compared to the first quarter of 2019, to 239.7 tonnes. Total global gold demand was 1,069.6 tonnes, up 2% from January-March 2019, Refinitiv GFMS said.

India, world 2nd largest consumer of gold & one of the largest importer, India's gold consumption in 2020 could fall as much as 50% from a year ago to the lowest level in nearly three decades as a nationwide lockdown has closed jewellery stores during key festivals and the wedding season. N. Anantha Padmanaban, chairman of the All India Gem and Jewellery Domestic Council told Reuters. India extended a lockdown on its 1.3 billion people until at least May 3 as the number of coronavirus cases exceeded 12,000. Weddings, one of the biggest drivers of India's gold purchases, usually happen in summer but this year they are postponed due to the lockdown. Also Religious festivals, such as Gudi Padwa and Akshaya Tritiya, also help to boost gold demand but this year people were confined to their homes during the festivals. Even before the lockdown gold demand was faltering in India and imports plunged 55% in March quarter due to a record high prices. Scrap supplies in India jumped 37% in 2019 from a year ago to a record 119.5 tonnes, the WGC said, driven by rising prices. India's gold consumption in the March quarter fell 36% to 101.9 tonnes, the lowest since the first quarter of 2009, on a sharp drop in jewellery and investment demand, the WGC said in a report on Thursday. Weak first half demand would bring full-year consumption in 2020 below last year's 690.4 tonnes, he said, without giving an estimate. At the start of the year, the WGC had expected gold demand in 2020 to improve to 700-800 tonnes. An Indian trade body earlier this month said India's gold consumption could fall to 350 tonnes to 400 tonnes, the lowest since 1991.

India is forecast to get an overall 'normal' monsoon rainfall this year, but an initial month-wise prediction suggests 'below normal' rainfall during June, long dry spells in July and the rains then making up with 'excess rainfall' during August and September — almost similar to last year's pattern, says an internal assessment note available with the government. The IMD had on April 15 predicted normal rainfall (96-104% of long period average) with a model error of ± 5% over India during southwest monsoon season (June to September). The long period average of the season rainfall for the period 1961-2010 is 88cm.

On data side, The U.S. economy contracted in the first quarter at its sharpest pace since the Great Recession, while economists expect an even sharper contraction in the second quarter. U.S. retail sales fell the most on record last month and manufacturing output fell by the most in 74 years, raising fears of a deep recession. U.S. consumer prices fell by the most in more than five years in March and further decreases are likely as the novel coronavirus outbreak suppresses demand for some goods and services, offsetting price increases related to shortages resulting from disruptions to the supply chain. US Gross domestic product declined at a 4.8% annualized rate last quarter, weighed down by sharp decreases in consumer spending and a drawdown of inventory at businesses. That was the steepest pace of contraction in GDP since the fourth quarter of 2008.Consumer spending, which accounts for more than two-thirds of U.S. economic activity, tumbled at a 7.6% rate in the first quarter, the sharpest decline since the fourth quarter of 1980, as demand for both goods and services plummeted. U.S. business activity plumbed record lows in April as strict stay-at-home orders crushed production, supply chains and consumer spending, a survey showed. In the euro zone, IHS Markit's Flash Composite Purchasing Managers' Index (PMI), seen as a good gauge of economic health, sank to 13.5, by far its lowest reading since the survey began in mid-1998 and considerably below all forecasts in a Reuters poll. The mood across British manufacturers has ebbed to its lowest since records began in the 1950s, according to another survey on Thursday that showed the coronavirus lockdown has lashed the economy. U.S. home sales dropped by the most in nearly 4-1/2 years in March as extraordinary measures to control the spread of the novel coronavirus brought buyer traffic to a virtual standstill, with realtors and economists expecting a further deterioration in housing market activity through the second quarter.

On demand / Supply side, Indicative of sentiment, holdings of the world's largest gold-backed exchange-traded fund, SPDR Gold Trust, rose to a near seven-year high, while gold in euros hit an all-time peak of 1,612.39 euros per ounce. Demand for physical metal showed signs of softness during the lockdown. The China Gold Association said China's gold consumption fell by almost half in the first quarter as containment measures and rising prices hit demand in the world's biggest market.

On domestic Data update, the impact of the novel coronavirus outbreak on the Indian economy would depend on the depth, duration and diffusion of the crisis, the Reserve Bank of India said in the minutes of its emergency monetary policy committee (MPC) meeting in March. Investors infused over Rs 1,600 crore in gold exchange-traded funds (ETFs) in 2019-20, after pulling out money for the last six financial years, as the coronavirus outbreak spurred safe-haven buying. The inflows meant asset under management (AUM) of gold funds surged by 79 per cent to Rs 7,949 crore at the end of March 2020, from Rs 4,447 crore in March-end 2019, data from the Association of Mutual Funds in India (Amfi) showed. India's infrastructure output contracted in March, for the first time in five months, as the national lockdown imposed late last month to combat the new coronavirus hit steel, cement and fertiliser production. India the Nikkei/IHS Markit Services Purchasing Managers' Index plunged to an eye-popping 5.4 in April from March's 49.3, an unprecedented contraction since the survey first began over 14 years ago. India the Nikkei/IHS Markit Services PMI plunged to an eye-popping 5.4 in April from March's 49.3, showing an unprecedented contraction since the survey first began over 14 years ago. The composite PMI came in at an all-time low of 7.2 in April from March's 50.6.

Going ahead, all eye on Covid-19, as how long this effect will seen on various countries economy, what kind of bold steps taking by central banks and main concern is physical activity which will decode fresh direction for Bullion prices. A key factor to watch for gold in H-2 of 2020 is the U.S. election, global monetary policy, and the investor response to these Developments. However, once this consolidation period ends, we can expect gold target the $1,700-1750 level again. Also, If U.S. growth slows down next year, as expected, gold would benefit from higher demand for defensive assets. In nutshell, Performance of financial markets, monetary policy in key economies including here, and the dollar movement will determine gold demand in 2020. Gold is often used by investors as a hedge against political and financial uncertainty.

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**Technical Outlook:**


**On the Daily Chart:**

For now price trading above all 3-SMA with well above longer term 50 & 200-SMA and recovery in RSI now above 50-mark added by above signal line MACD indicate counter is in bull hand and some more room for upside in short to medium term.

In COMEX GOLD is trading at $1709

**Expected support and Resistance level for the month**

| Gold | S1 | S2 | R1 | R2 |
|---|---|---|---|---|
| **COMEX/DG CX ($)** | 1660 | 1640 | 1715 | 1750 |
| **MCX (Rs.)** | 41400 | 40000 | 43500 | 44000 |

**RECOMMENDATION**:

MCX Gold Dec: Buy above 43000 Stop Loss 42500 Targets 43500-44100.
Sell Only below 41400 Stop Loss 41800 Target 40000-39800.

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

## SILVER

**Technical Outlook:**


**On the Daily Chart:**

Now a price trading around 20 & 50-SMA but well below 200-SMA with RSI just above 50-mark and below signal line MACD indicates some more pain for the counter with most likely to trade in range of 39000-45000 in weeks to come.

**Expected support and Resistance level for the month**

| Silver | S1 | S2 | R1 | R2 |
|---|---|---|---|---|
| **COMEX/DG CX ($)** | 14.50 | 13.80 | 15.50 | 15.85 |
| **MCX (Rs.)** | 41000 | 39000 | 43300 | 44200 |

**RECOMMENDATION**:

MCX Silver Dec: Buy Only above 42700 Stop Loss below 42000 Targets 43300-44000
Sell below 40950 S/L above 41500 Target 39000-38700.

## CRUDE OIL

### Market Outlook and Fundamental Analysis

Energy complex seen historical movement during April month with price fall below Zero and also traded in –ve territory with near month expiry also in –ve with ever highest volatility in prices. Crude register 4th consecutive monthly loss with WTI down 8% while Brent rose 11% in April with price rebound at end of the month after several producers said they would cut output and as signs the U.S. crude glut was not growing as quickly as many had feared brought an upbeat close to one of the most volatile months for oil trading in history. Still prices down almost 60% since start of the year mainly due to poor demand as most of the countries under lockdown due to Covid-19 and increasing supply pressure prices at 3-decade low. On its last day of April, the front-month future close at highest since April 20 for Brent and WTI since April 16. Brent, the international benchmark, gained about 11% in April after falling more than 65% over the prior three months. WTI, meanwhile, fell for a fourth month in a row, dropping over 70% during that time, including an 8% loss in April.

In April, U.S. crude fell to an all-time low and traded negative for the first time on record while Brent hit a near-21-year low as the pandemic eroded demand and OPEC and other producers ramped up production before reaching the new supply deal that kicked in on 1st May. U.S. West Texas Intermediate crude futures (WTI) closed at negative $37.63 on 20 April, in the worst selloff for that contract in history. Global benchmark Brent crude was slammed next day, hitting a two-decade low before rebounding. Till date, since the start of the year both benchmarks have lost more than two-thirds of their value. On 20th April, Investors sold the May futures contract due to expires on 21st in a series of waves. At one point the contract hit negative $40. When the trading stopped, crude oil had ended the day at a negative $37.63 a barrel, a decline of some 305%, or $55.90 a barrel.

In latest meet, The Organization of the Petroleum Exporting Countries, Russia and other producers, known as OPEC+, have agreed to cut output by 9.7 million barrels per day from May 1. OPEC oil supply in April is at its highest since December 2018, a company that tracks oil shipments said, as producers pump at will before the supply curbs takes effect. The United States, Norway, Canada and Brazil may add cuts that would bring the total reduction to 20 million bpd, or 20% of global supply, although the coronavirus crisis has driven down demand by as much as 30%, driving down prices.

Russia's oil output in the first five days of May fell to 8.75 million barrels per day (bpd), close to its production target of 8.5 million bpd for May and June under a global deal to cut crude supplies, two sources familiar with the data told Reuters. Together with gas condensate, or light oil, which is not part of Russia's target, the country's output was 9.5 million bpd for May 1-5, the first time it has fallen below 10 million bpd since August 2009.

Fuel demand worldwide slumped about 30% in April. Even after major oil producers led by Saudi Arabia agreed to slash production by nearly 10 million barrels per day (bpd), U.S. crude futures closed on April 20 at a record low in negative territory. While U.S. storage is rapidly filling, crude production cuts by U.S. shale producers - estimated by consultants Rystad Energy at 300,000 barrels per day (bpd) for May and June - should slow flows into tanks.

That collapse in U.S. West Texas Intermediate (WTI) futures made traders frantic to avoid taking delivery as the May front-month contract expired, forcing traders to pay $37.63 a barrel at settlement to get rid of their contracts. Volume in WTI futures on the New York Mercantile Exchange hit around 36 million contracts in April, which Refinitiv data puts as second only to the previous month's 40.9 million record.

In its latest update, Volume in WTI futures on the New York Mercantile Exchange hit around 36 million contracts in April, which Refinitiv data puts as second only to the previous month's 40.9 million record. Royal Dutch Shell Plc, meanwhile, announced its first dividend cut since World War Two. U.S. oil and gas company ConocoPhillips said it would sharply reduce oil production in coming weeks, aiming to shut in 35% of its total output by June. Russian gas producer Novatek PAO said it plans to cut capital expenditure by a fifth this year, mainly for developing its oil projects, a company manager said.

U.S. crude inventories grew by 9 million barrels last week to 527.6 million barrels, Energy Information Administration data showed, below the 10.6 million-barrel rise analysts had expected in a Reuters poll.

WTI also found support after U.S. energy firms cut oil rigs for a seventh week in a row, bringing the total count down to 325, the lowest since June 2016, energy services firm Baker Hughes Co said. Storage concerns, however, continue to weigh with the International Energy Agency saying global capacity could peak by mid-June.

In its latest monthly report, OPEC forecast that global oil demand would contract by 6.9 million barrels per day (bpd), or 6.9%, in 2020. That forecast, along with report that U.S. crude stockpiles rose by a record 19.2 million barrels last week tempered the optimism that grew out of the OPEC+ supply deal to reduce output by 9.7 million bpd for May and June.

The inventory report came shortly after the International Energy Agency (IEA) forecast oil demand would dive 29 million barrels a day in April to levels unseen in 25 years and said no output cut could fully offset the near-term falls facing the market.

On the supply front, Russia raised oil and gas condensate output in April to 46.45 million tonnes, or 11.35 million barrels per day (bpd), from 11.29 million bpd in March, Interfax reported on Saturday, before it makes cuts this month under a global supply pact. Russia is expected to cut its oil production by 2.5 million bpd from a baseline of 11 million bpd in May and June.

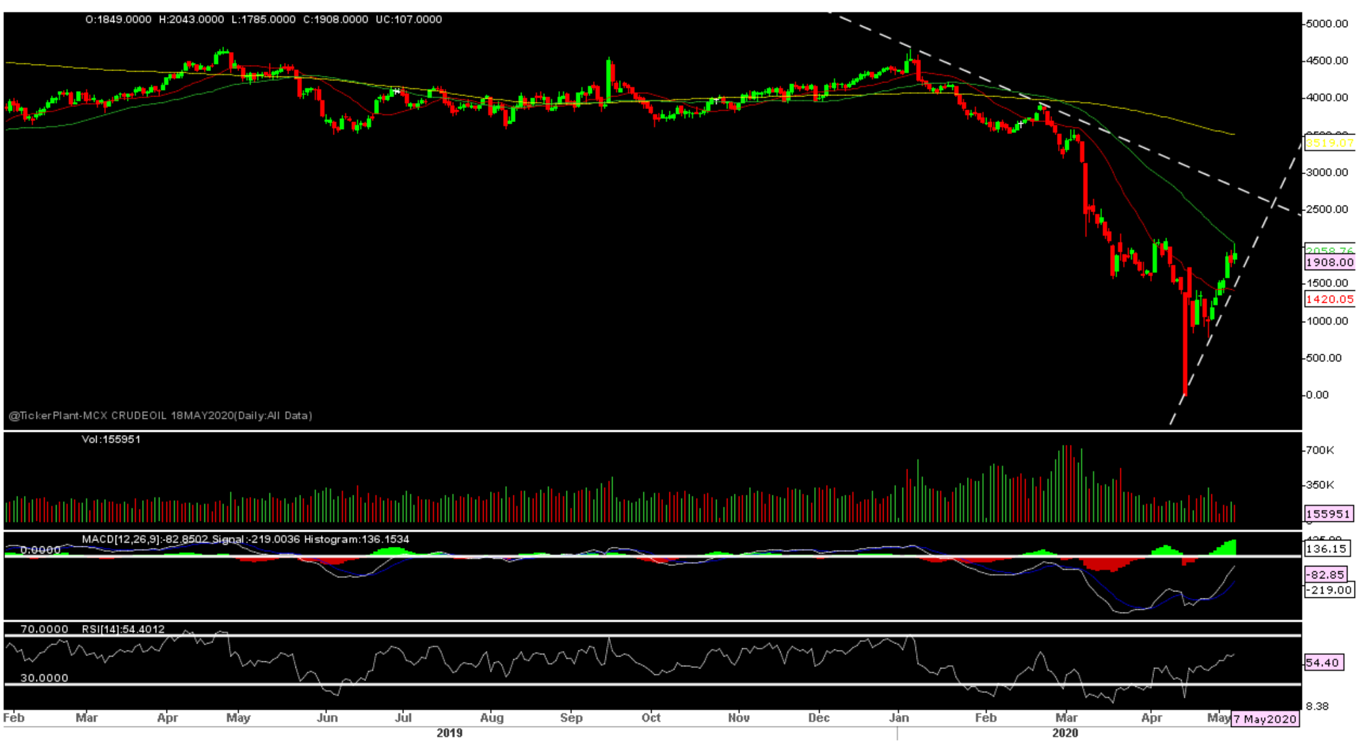
On other update, U.S. President Donald Trump said, he has asked his cabinet to devise a plan to inject cash into the ailing U.S. oil-drilling industry to help it survive a historic collapse in crude prices. U.S. oil and gas companies from Texas to Wyoming have struggled to stave off bankruptcy amid worldwide stay-at-home orders and business stoppages spurred by the coronavirus outbreak that have obliterated global demand for fuel. Trump has separately announce plans to fill up the U.S. Strategic Petroleum Reserve, something that would take around 77 million barrels off the market - or less than a day of typical global demand.

On demand side,

On domestic Updates, Petrol and diesel sales dropped by a record 61% and 56.5%, respectively, in April from a year earlier but an improvement in demand in the second half of the month signaled the worst was probably over, according to industry executives. India's crude processing in March fell 5.7% from a year earlier, its biggest drop since September, as the coronavirus crisis and travel restrictions to curb its spread dented fuel demand and forced refineries to cut output. Refiners processed about 21.20 million tonnes, or 5.01 million barrels per day (bpd), of oil last month, provisional government data showed on Wednesday. That was lower than the 5.32 million bpd processed in February and in March 2019. The International Energy Agency (IEA) in its latest report estimated India's annual fuel consumption - a proxy for oil demand - will decline 5.6% in 2020 to 4.73 million barrels per day (bpd), compared with growth of 2.4% forecast in its March report.

Going ahead, looking ahead to 2020, some analysts cited abundant global crude stocks as a major obstacle to efforts to rein in output by the Organization of the Petroleum Exporting Countries and its allies such as Russia. Even as OPEC and its non-OPEC partners endeavour to make additional supply cuts in Q1 2020, we are not convinced this will be sufficient to avert large global inventory. But OPEC+ may consider wrapping up their oil output reduction in 2020, Russian Energy Minister Alexander Novak said last week of Dec. But the loss of momentum in global trade growth since the middle of 2018, coupled with fears about a further slowdown or even recession in 2020, has transformed investor sentiment. A slowing global economy could erode oil demand growth in 2019, when supply from non-OPEC countries is forecast to expand at a record pace.

**Technical Outlook:-**



Bonanza make money. not mistakes.

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**On the Daily Chart:**

For now prices trading above 20-SMA but well below 50 & 200-SMA but with reversal in RSI above 50-mark and still negative signal line MACD indicates mix of the signals and one can wait for clear direction with buying on dip approach.

**Expected Support and Resistance level for the month**

| Crude | S1 | S2 | R1 | R2 |
|---|---|---|---|---|
| NYMEX/DG CX ($) | 18 | 10 | 29.50 | 36.50 |
| MCX (Rs.) | 1600 | 1350 | 2050 | 2150 |

**RECOMMENDATION**:

MCX Crude: Sell below 1750 Stop Loss above 1850 Target 1600-1400.
Buy above 2050 Stop Loss below 1940 Target 2150-2300

## Natural Gas

**Technical Outlook:**

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

**RECOMMENDATION**:

MCX NG : Buy Only above 132.50 Stop Loss below 125 for Targets of 140-148.
Sell below 158 S/L above 153 Target 165-168 Range

## Base Metals

## Market Outlook and Fundamental Analysis

### COPPER:

Base metals seen mix of the trend with some fall on poor demand due to most of the countries under lock down of Covid-19 while some rebound at end of the month in expectations that biggest consumer China will restart its economic activity soon. For the month April Copper & Nickel rally almost 6%, Zinc gain 1.5% while Aluminum fall 1.5% and Lead down by 5%. On YOY basis copper worst performer with fall of 21.5% against Lead least performer down 14%. Copper fell more than 40% from mid-January to mid-March, touching a four-year low of $4,371 as the coronavirus shuttered industry. However, prices have recovered somewhat on lockdown-related supply disruption and as top consumer China has eased coronavirus restrictions. Copper prices touched their highest in over 6-weeks on last trading day, helped by a reading of China's official factory activity showing faster expansion in April. However, that was offset by the closely watched Caixin survey which showed factory activity shrank last month as the coronavirus pandemic shattered global demand, sparking a substantial drop in export orders and more layoffs.

More than 3.03 million people have been reported to be infected by the novel coronavirus globally and 210,263 have died, according to a Reuters tally, as of 28-April.

The International Monetary Fund said this week the global economy could shrink by 3% this year - the steepest downturn since the Great Depression of the 1930s. Asia's economic growth this year will grind to a halt for the first time in 60 years as the coronavirus takes an unprecedented toll on the region's service sector and major export destinations, the International Monetary Fund said.

Latest numbers from top metal consumer China shows, China reported exports rose 3.5% in April on a year earlier, confounding expectations of a 15.1% fall and outweighing a 14.2% drop in imports. China's economy contracted for the first time on record in the first quarter as the coronavirus shut down factories and shopping malls and put millions out of work. Gross domestic product (GDP) fell 6.8% in January-March year-on-year, official data showed on Friday, a slightly larger decline than the 6.5% forecast by analysts and reversing a 6% expansion in the fourth quarter of 2019. It was the first contraction in the world's second-largest economy since at least 1992, when official quarterly GDP records were first published. On a quarter-on-quarter basis, GDP fell 9.8% in the first three months of the year, the National Bureau of Statistics said, just off expectations for a 9.9% contraction, and compared with 1.5% growth in the previous quarter.

Latest update on Trade war, Trump said he was concerned about China's role in the origin and spread of the coronavirus and threatened new tariffs on Beijing.

China accounts for nearly half of global copper demand, estimated at 24 million tonnes last year.

China, the world's top metals consumer, cut its interest rate for a second time after its economy contracted for the first time in decades. The move - which was widely expected - is aimed at cushioning the world's second largest economy against the impact of the coronavirus.
China's refined copper output fell to 771,000 tonnes in March, the lowest since May 2019. Lead and zinc production also declined. Total imports of copper concentrate into China in March edged up 1.03% to 1.78 million tonnes year-on-year, as the country boosted imports from alternative sources amid a slump in shipments from top suppliers Peru and Chile.

China's output of 10 nonferrous metals - including copper, aluminium, lead, zinc and nickel – rose 1.6% year-on-year to 4.83 million tonnes in March but that was the lowest monthly total since May 2019.First-quarter output was up 2.1% year-on-year at 14.17 million tonnes. The other non-ferrous metals in this group are tin, antimony, mercury, magnesium and titanium.

Copper inventories continued to fall in China, with stocks in bonded warehouses of Shanghai SMM-CUR-BON down to 305,800 tonnes as of April 24, the lowest since Feb. 7, SMM data showed. Meanwhile, ShFE copper stocks CU-STX-SGH declined for a sixth straight week, down 36.6% to 230,956 tonnes.

On Data side, U.S. manufacturing activity plunged to an 11-year low in April. South Korean exports plunged 24.3% year on year in April. A fall in consumer prices in Tokyo and a slump in factory activity fanned fears that the country could tip back into deflation. The euro zone economy could fail to grow back to last year's level until as late as 2022, the European Central Bank said. U.S. manufacturing output dropped by the most in just over 74 years in March.

Other Updates,

On Supply side, Chile, the world´s top copper producer, boosted its output of the red metal in March versus the prior year, even as the coronavirus outbreak spread quickly across the country. Copper prices supported in expectations for lower output as miner Glencore cut its production forecast for the year for copper by 3% to 1.25 million tonnes and for zinc by 8% to 1.16 million tonnes. Mining giants including Anglo American and Rio Tinto have also cut their 2020 output expectations as government restrictions hobble operations. Chile's Antofagasta cut capital expenditure for the year and said copper production would be at the lower end of its guidance of 725,000-755,000 tonnes. Vale also cut its 2020 output estimates for copper to 360,000-380,000 tonnes from 400,000 tonnes.

In domestic update, Maruti Suzuki India on Friday reported zero monthly domestic sales for the first time ever in April, as the country remained under lockdown to contain the spread of the coronavirus.

Going ahead, as per latest numbers effect of Covid-19 will likely to be longer than expected and play a bigger role to decide fresh direction for global growth as well base metals Prices. However, stimulus offer by various countries including China, US, EU… may support base metals at lower level but all will depend on how long global shut down will remain & ultimate its effect on different countries economy & trade. Chinese authorities are expected to roll out more supportive measures on top of a range of policy initiatives this year. Such measures - mostly medium to long-term policies - are likely to put a floor under the slowing economy in the second half of the year at the earliest.

## NICKEL

Vale, one of the world's top producers of nickel, cut its 2020 production forecast for the metal to 180,000-195,000 tonnes from 200,000-210,000, excluding its unit in New Caledonia, because of the impact of the novel coronavirus outbreak.

The global nickel market surplus narrowed to 13,400 tonnes in February from a revised surplus of 13,900 tonnes in the previous month, latest data showed.

LME on-warrant nickel inventories - those not earmarked for delivery - rose to 176,556 tonnes, the highest since September 2018 and up about 40% so far this year, LME daily data showed on 24-april.

China's nickel ore imports in March fell 42.3% to a 25-month low from a year ago.

## ZINC & LEAD

Zinc ended near 2-month high due to supply disruptions caused by the coronavirus pandemic and as improving demand in China added support. Zinc treatment charges (TCs) declined very fast in recent weeks due to the shortage in supply of concentrate and we expect some zinc smelters to cut production in Q2-Q3

Bonded warehouses zinc premiums in China were at $85 a tonne, their highest since March 9. A trader said it was briefly profitable to import zinc into China due to the LME-ShFE price differences. Zinc inventories in warehouses tracked by ShFE fell to 133,349 tonnes, the lowest since Feb. 14, latest data showed.

The discount of LME zinc cash over the three-month contract shrunk to $6.25 a tonne, its smallest since March 20, indicating the tightening of nearby supplies.

The global lead market swung to a surplus of 26,100 tonnes in February and the zinc oversupply rose to 130,100 tonnes, data from the International Lead and Zinc Study Group (ILZSG) showed.

Global Zinc consumption is estimated at 14 million tonnes this year.

The net speculative short position of LME lead has grown to 23% of open interest, the highest so far this year

Around 12 million tones of lead are consumed each year.

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## ALUMINIUM

Fresh cancellations of 10,000 tonnes took on-warrant aluminium stocks available to the market in LME warehouses to 1.18 million tonnes. Fresh cancellations of 10,000 tonnes took on-warrant aluminium stocks available to the market in LME warehouses to 1.18 million tonnes.

for aluminium, the discount of $37 a tonne for the cash over the three-month contract CMAL0-3 indicates a massively oversupplied market.

In the first quarter of 2020, global primary aluminium demand decreased by 6.4% to 14.43 million tonnes," Russian aluminium producer Rusal said. "In the rest of the world demand dropped by 6.5% to 6.6 million tonnes, while Chinese demand decreased by 6.3% to 7.83 million tonnes."

Another indicator of weak aluminium demand are inventories in LME approved warehouses at 1.347 million tonnes are up 40% since March 17 and the highest since the middle of January.

China, the world's biggest producer and consumer of aluminium, churned out 2.97 million tonnes of the metal last month, up 2.3% year-on-year, the National Bureau of Statistics said. First-quarter output was up 2.7% at 8.84 million tonnes. However, on a daily basis, March output was about 95,800 tonnes, according to Reuters calculations, down from 97,450 tonnes over January and February combined and the lowest daily rate since October. As of April 16, 533,700 tonnes of annual aluminium production in China had been cut so far this year, while smelters have decided to reduce output by another 207,000 tonnes, China has around 36 million tonnes of annual aluminium smelting capacity.

## Base Metals

## TECHNICAL OUTLOOK:

## COPPER:

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

**On the Daily Chart:**

Copper seen sharp fall amid demand concern after Covid-19 force lockdown and recession like situation globally. For now prices trading just above 20 & 50-SMA but well below 200-SMA with rebound in RSI from 30-mark and inch above MACD signal line indicates mix of the signals.

Expected Support & Resistance level for the month

| Copper | S1 | S2 | R1 | R2 |
|---|---|---|---|---|
| MCX | 396 | 385 | 412 | 422 |

**RECOMMENDATION:**

**COPPER MCX:-** Sell below 403 Stop Loss above 411 Target 390-385 Range.
Buy above 409 & 412 Stop loss below 405 Target 418-422.

## LEAD:

**Technical Outlook:**

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

Expected support and Resistance level for the month

| Lead | S1 | S2 | R1 | R2 |
|---|---|---|---|---|
| MCX | 131 | 129 | 135 | 138 |

**RECOMMENDATION:**

LEAD M MCX: - Sell below 131 Stop Loss above 135 Target 124-122.
Buy Only above 135 Stop Loss below 131 Target 141-145

## ZINC

**TECHNICAL OUTLOOK:**

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

Expected Support & Resistance level

| Zinc | S1 | S1 | R1 | R2 |
|---|---|---|---|---|
| MCX | 148 | 144 | 157 | 160 |

**RECOMMENDATION:**

**ZINC MCX :-** Sell Only below 151 Stop Loss above 154 Target 147-144 Range
Buy above 157 Stop Loss below 153 Target 162-164

## NICKEL

**TECHNICAL OUTLOOK:**

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

Expected Support & Resistance level

| Nickel | S1 | S1 | R1 | R2 |
|---|---|---|---|---|
| MCX | 915 | 900 | 950 | 975 |

**RECOMMENDATION:**

**Nickel MCX :-** Sell below 915 Stop Loss above 930 Targets 890-875
Buy Only above 940 Stop Loss below 920 Targets 965-975

**BONANZA RESEARCH TEAM**


**Fundamental Outlook by:** **Mr.Vibhu Ratandhara**

**Technical Outlook by:** **Mr. Vibhu Ratandhara**

BONANZA COMMODITY BROKERS PVT. LTD.


**DATE**- May 7th, 2020

**Disclosure:**

# MONTHLY BULLETIN (RESEARCH) Date 7th May 2020

Bonanza Portfolio Ltd operates under the regulation of SEBI Regn No.INM000012306




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*SEBI Regn. No.: INM000012306 | NSE CM: INB 230637836 | NSE F&O: INF 230637836 | NSE CDS: INE 230637836 |*

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