

Trading Calls

HINDALCO BUY 10th December 2019

From last few weeks, stock has been consolidating within the range of 207 and 187. The stock has bounced back sharply on upside which reflect buying participation. It is now showing signs of breakout on the upside. Prices has formed ascending triangle and inverted Head & shoulder pattern suggest reversal from this downtrend. MACD line on the weekly chart has given a positive crossover with average equilibrium level of zero. Thus, stock can be bought at current levels at 196-199 and on dip towards 190-193 with a stop loss of 181 and the target of 214 and 220 levels.

TITAN BUY 04th December 2019

Daily chart of stock reveals that demand is increasing and supply is diminishing. Formation of inverted Head & Shoulder pattern at lower levels is displaying trend reversal and creates buying opportunity at current juncture. As of now, sustainability of RSI above 9 DMA indicate surge on upside. Apart from this, declining histogram in MACD signals optimism, suggest upside move in the counter in coming session. BUY TITAN @ 1160-1170 AND ON DIP TOWARDS 1125-1135 SL- 1080 (CLOSING BASIS) TGT-1310, 1350

WIPRO BUY 04th December 2019

The stock has witnessed a decent correction recently from the peak of 300 and took a halt near line of polarity while forming double bottom pattern on daily chart. RSI turned from oversold zone and MACD has indicated a reversal to maintain a positive bias which is showing potential to rise further in the coming days. With the chart looking attractive and decent volume participation witnessed, we recommend a buy around 238-234 and on dip towards 224-228 in this stock for an upside target of 260 & 270, keep a stop loss of 218 on closing basis.

ITC BUY 22nd November 2019

ITC has formed double top on daily scale and there after it has retraced almost 80% from there and finding support around 245. Stochastics is giving sign of reversal at current levels, volume is also supporting this setup. Hence we advice our client to accumulate ITC in the range of 250 to 244 and on decline towards 237-233 for the price targets of 264 and 274 with 218 as SL on closing basis.

LT BUY 15th November 2019

Since 24th Sep LT is falling corrective by time and price wise both. It has retraced almost 70% from recent meaningful top of 1551 in simple abc format. Right now its trading in wave c of 2 which is near completion. We see less downside threat in this counter, hence we advice our client to accumulate in the range of 1385-1365 and on decline towards 1330-1310 for the price targets of 1465 and 1510 with 1269 on closing basis as SL.

| Market | Value | % Change |
|----------------------------|----------|----------|
| SGX Nifty (at 8.00 am IST) | 12229.50 | -0.21% |

Nifty Key Levels For The Week

| | | |
|------------|------------|------------|
| Support | S1: 12100 | S2 : 12070 |
| Resistance | R1 : 12250 | R2 : 12300 |

Market Outlook

Nifty continues to soar high along with banknifty which is also scaled new high with momentum. The recent buoyancy on the global front is driving the market but it's still concentrated largely to the major counter. Index is gradually moving towards our mentioned weekly target of 12300 level. Now support is shifting higher from 12070 to 12100 levels.

FII DERIVATIVES POSITION FOR 18-December-2019

| | Net (Amt. in crs) |
|---------------|-------------------|
| INDEX FUTURES | 667 |
| INDEX OPTIONS | (912) |
| STOCK FUTURES | 208 |
| STOCK OPTIONS | (65) |

Institutional Turnover

| | FII | Buy(cr.) | Sell(cr.) | Net(cr.) |
|-----------|-----|----------|-----------|----------|
| 18-Dec-19 | | 7,710 | 5,874 | 1,837 |
| Dec-19 | | 68,143 | 68,058 | 85 |
| | DII | Buy(cr.) | Sell(cr.) | Net(cr.) |
| 18-Dec-19 | | 3,155 | 4,422 | (1,268) |
| Dec-19 | | 41,991 | 40,693 | 1,299 |

Sectoral Performance (%)

| | 1 Day | 1 Week | 1 Month | 1 Year |
|--------------------------------|--------|--------|---------|---------|
| Auto Components | 0.41 | 3.99 | 2.14 | (15.25) |
| Automobiles | 0.36 | 2.43 | (0.69) | (11.22) |
| Chemicals | 0.93 | 1.99 | 1.08 | 9.69 |
| Construction & Engineering | 0.18 | 3.43 | (1.54) | (7.96) |
| Construction Materials | (0.90) | 1.53 | (1.02) | 1.47 |
| Diversified Financial Services | 0.10 | 3.17 | 2.95 | 18.86 |
| Electrical Equipment | (0.03) | 1.45 | (3.70) | (10.10) |
| Energy | 0.34 | 0.40 | 2.76 | 18.20 |
| Financials | 0.21 | 3.16 | 3.46 | 17.73 |
| Health Care | 0.61 | 1.17 | 2.28 | (0.74) |
| Household Durables | 0.05 | (0.35) | (3.69) | 3.79 |
| Household & Personal Products | (0.73) | (1.67) | (4.69) | (0.39) |
| Information Technology | 0.43 | 4.28 | 1.17 | 6.18 |
| Metals/Mining/Minerals | 0.67 | 5.44 | 3.89 | (17.06) |
| Telecom | (0.54) | (1.13) | 9.31 | 12.28 |
| Utilities | (0.67) | 1.62 | 1.20 | (2.50) |

Participant wise Open Interest In Equities Derivative (no. of contracts)

| | Long Position | | | |
|-------------------|---------------|---------|--------|--------|
| | DII | FII | Pro | Other |
| Future Index | 42059 | 90248 | 18326 | 132019 |
| Future Stock | 21648 | 1018178 | 200971 | 832039 |
| Option Index Call | 16482 | 169590 | 170295 | 472970 |
| Option Index Put | 86836 | 264156 | 164088 | 871759 |
| Option Stock Call | 0 | 16331 | 66550 | 371258 |
| Option Stock Put | 0 | 15918 | 70147 | 184109 |

| | Short Position | | | |
|-------------------|----------------|--------|--------|--------|
| | DII | FII | Pro | Other |
| Future Index | 39172 | 84385 | 39097 | 119998 |
| Future Stock | 1122300 | 589352 | 116602 | 244582 |
| Option Index Call | 0 | 66019 | 202163 | 561155 |
| Option Index Put | 0 | 110353 | 321965 | 954521 |
| Option Stock Call | 482 | 19477 | 147880 | 286300 |
| Option Stock Put | 21 | 14803 | 78903 | 176447 |

High ES & High PS Stock Maintaining Strength

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 500038 | BALRAMCHIN | 21.4 |
| 500307 | NIRLON | 18.0 |
| 532301 | TATACOFFEE | 15.1 |
| 521064 | TRIDENT | 13.8 |
| 532523 | BIOCON | 12.9 |
| 500493 | BHARATFORG | 10.7 |
| 530517 | RELAXO | 9.5 |
| 532819 | MINDTREE | 9.1 |
| 532210 | CUB | 8.6 |
| 500040 | CENTURYTEX | 8.5 |

High ES & Low PS Stock Showing Strength

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 530813 | KRBL | 35.4 |
| 532430 | BFUTILITIE | 23.3 |
| 524404 | MARKSANS | 13.6 |
| 532622 | GDL | 10.3 |
| 523367 | DCMSHRIRAM | 10.2 |
| 500408 | TATAELXSI | 9.9 |
| 506197 | BLISSGVS | 9.4 |
| 532187 | INDUSINDBK | 9.2 |
| 531795 | ATULAUTO | 9.2 |
| 500470 | TATASTEEL | 8.4 |

Low ES & Low PS Stock Maintaining Weakness

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 500390 | RELINFRA | (39.6) |
| 500219 | JISLJALEQS | (31.4) |
| 532480 | ALBK | (25.5) |
| 500110 | CHENNPETRO | (17.6) |
| 500101 | ARVIND | (16.6) |
| 532300 | WOCKPHARMA | (16.2) |
| 500405 | SUPPETRO | (13.5) |
| 500109 | MRPL | (13.1) |
| 532885 | CENTRALBK | (12.2) |
| 500645 | DEEPAKFERT | (11.8) |

Low ES & High PS Stock Showing Weakness

| BSE Code | NSE CODE | 1 Month Return % |
|----------|------------|------------------|
| 532259 | APARINDS | (15.2) |
| 532915 | RELIGARE | (14.4) |
| 501425 | BBTC | (10.5) |
| 500104 | HINDPETRO | (9.1) |
| 505714 | GABRIEL | (8.9) |
| 500575 | VOLTAS | (8.5) |
| 532779 | TORNTPOWER | (7.7) |
| 523398 | HITACHIOM | (7.0) |
| 500380 | JKLAKSHMI | (6.8) |
| 532156 | VAIBHAVGEM | (6.5) |

* ES- Earning Score is average of EM (Earning Momentum defined as relative performance in terms of operating profit growth) and EQ (Earning Quality defined as relative balance sheet strength in terms of debt and working capital)

* PS- Price Score is of a company is relative price performance in multiple time-frame

Analysis shown here is only for companies with market cap more than Rs 1,000 Cr.

STDC / R25 Open Calls for 19-12-2019 (7)**STDC (7)**

| No | Date | Type | Buy/Sell | Stock | Entry1 | Entry2 | SL | Tgt 1 | Tgt 2 |
|----|-----------|------|----------|----------|--------|--------|------|-------|-------|
| 1 | 10-Dec-19 | STDC | BUY | HINDALCO | 197.5 | 191.5 | 181 | 214 | 220 |
| 2 | 04-Dec-19 | STDC | BUY | TITAN | 1165 | 1130 | 1080 | 1310 | 1350 |
| 3 | 04-Dec-19 | STDC | BUY | WIPRO | 236 | 226 | 218 | 260 | 270 |
| 4 | 22-Nov-19 | STDC | BUY | ITC | 247 | 235 | 218 | 264 | 274 |
| 5 | 15-Nov-19 | STDC | BUY | LT | 1347.5 | - | 1269 | 1465 | 1510 |
| 6 | 10-Jul-19 | STDC | BUY | GAIL | 142.5 | 122.5 | 110 | 180 | 200 |
| 7 | 25-Jun-19 | STDC | BUY | RECLTD | 158 | 140 | 125 | 220 | 260 |

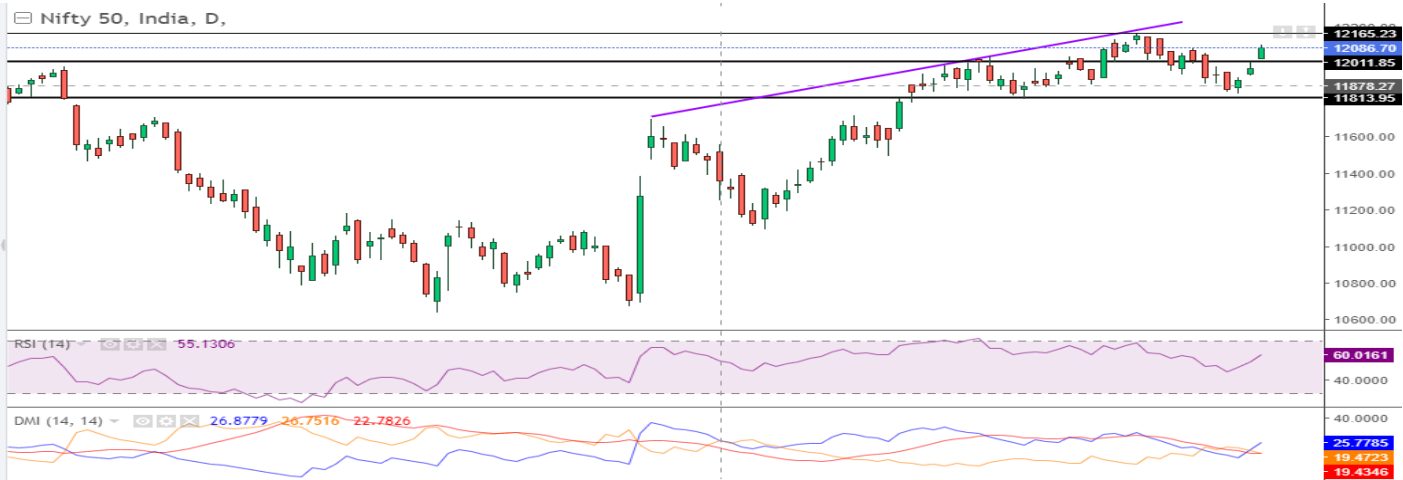
VIEW

After a weak initial performance, Domestic market picked up in the second half. Firm global cues lifted market sentiment higher and helped indices to recoup their previous week losses. Prospects of trade deal between US & China and hopes of swift Brexit after thumping victory of Boris Johnson belong to conservative party spurred risk appetite which raises hope for a sooner Brexit deal. However, weak domestic macro data with respect to inflation could keep the market rangebound. Over the past many weeks, market breadth was an area of concern. Each upmove had come with a fractured breadth. For the market to enjoy a secular rally, it is significant that it has to come with the healthy market breadth. Keeping nifty aside which might see some consolidation at the higher levels, we suggest to accumulate quality stocks in tranches.

Technical Outlook-

- a) Appearance of strong bull candle with highest weekly close helped index to reclaim 12k
- b) Back to back occurrence of bull candle with unfilled gap showing sharp come back of Bulls from lower levels
- c) Overall volatility declined from the past couple of days suggest stability in the market
- d) Now, Nifty is approaching towards upper channel resistance line from where profit booking can not ruled out
- e) Index can find resistance near 12160-12200 zone on the upside from where some profit booking can be expected
- f) As long as nifty sustains above 11930 followed by 11830 level where strong support is seen, bias will remain positive

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

| | NIFTY LEVEL | JUSTIFICATION |
|--------------|-------------|--------------------------|
| Resistance 2 | 12400 | Extension leg |
| Resistance 1 | 12160 | Near life time high |
| Close | 12086 | |
| Support 1 | 11930 | Low of Bullish belt Hold |
| Support 2 | 11830 | Line of parity |

VIEW

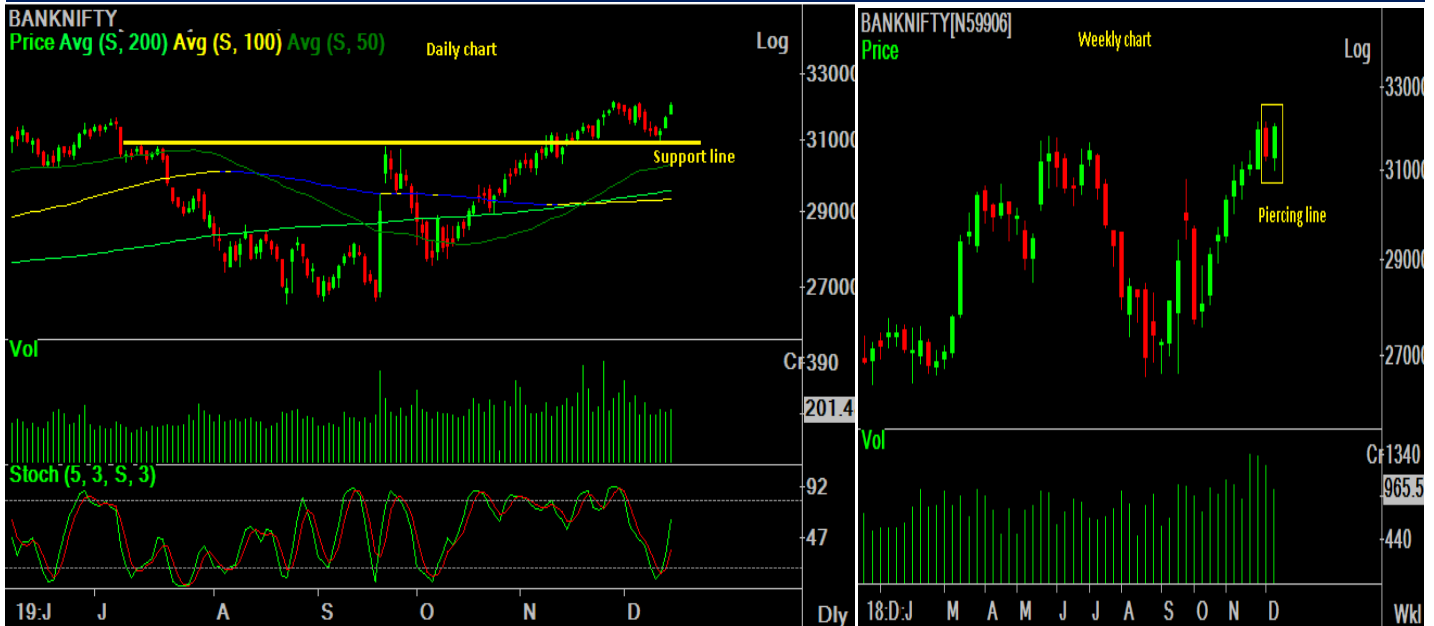
After getting a strong support at 30990 (near our given support line), Banknifty gave a good pullback rally last week and closed the week with a net gain of 2.2% over its previous week's close. The buying was witnessed across the board. However PSU banking stocks (SBI-4%, PNB-7%, BOB-5%) were the drivers of Banknifty during last week.

OBSERVATIONS:

- 1) Banknifty found a strong support near our given support line.
- 2) Banknifty made a 'Piercing Line' pattern on weekly chart.
- 3) Banknifty is trading above 50, 100 & 200 DMAs

According to the above observations it can be concluded that the short term trend of Banknifty is looking positive as the index is trading above all the major DMAs. The formation of 'Piercing line' on weekly chart is also indicating the continuation of current upward movement in the current week. Immediate crucial resistance of Banknifty is at 32180 and a successive closing above this level is likely to take the index higher to 32550 and then 33200 in the near future.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

| RESISTANCE/SUPPORT | BANKNIFTY LEVEL |
|--------------------|-----------------|
| Resistance 2 | 32550 |
| Resistance 1 | 32180 |
| Close | 32014 |
| Support 1 | 31720 |
| Support 2 | 30980 |

VIEW

Rupee strengthened against the US dollar in reaction to US FED kept interest rates unchanged and signalled on keeping them hold through 2020 and GDP forecast remain unchanged. Recent development in the global trade war have subsided the fear of prolonged crisis across the market including ours. We feel the positive momentum for indian currency will extend further in this coming week also. However, rising crude oil prices on trade certainty may put cap on this strength.

TECHNICAL FACTORS-

- a) Rupee continued its positive momentum supported by buying in equities and foreign inflows
- b) Price analyses suggest that it formed double top type of pattern
- c) Daily MACD stays bearish and trades below its signal line with bearish crossover in weekly MACD indicate further strength
- d) A clean breakdown is expected below 70.35 level from where pair can surge down till 70 and 69.70 mark
- e) Resistance stands at 71.30 followed by 72 mark

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

| | |
|--------------|-------|
| Resistance 2 | 72.00 |
| Resistance 1 | 71.3 |
| Close | 70.57 |
| Support 1 | 70.35 |
| Support 2 | 70.00 |

STDC : Long / BUY

10-Dec-19

| | |
|----------------------|----------|
| BSE Code | 500440 |
| NSE Symbol | HINDALCO |
| 52wk Range H/L | 228/171 |
| Mkt Capital (Rs Cr) | 36975 |
| Av.Cash Volume(,000) | 128367 |
| Open Interest | NA |

| | |
|----------------|-------------------|
| Buy Price | 196-199 & 190-193 |
| Stop Loss | 181 |
| Target Price1 | 214 |
| Target Price2 | 220 |
| Upside in Tgt1 | 26%-30% |
| Upside in Tgt2 | 47%-51% |

Technical Chart



STDC BUY HINDALCO @ 196-199 AND ON DIP TOWARDS 190-193 SL- 181 (CLOSING BASIS) TGT- 214 220

From last few weeks, stock has been consolidating within the range of 207 and 187. The stock has bounced back sharply on upside which reflect buying participation. It is now showing signs of breakout on the upside. Prices has formed ascending triangle and inverted Head & shoulder pattern suggest reversal from this downtrend . MACD line on the weekly chart has given a positive crossover with average equilibrium level of zero. Thus, stock can be bought at current levels at 196-199 and on dip towards 190-193 with a stop loss of 181 and the target of 214 and 220 levels.

STDC : Long / BUY

4-Dec-19

| | |
|----------------------|----------|
| BSE Code | 500114 |
| NSE Symbol | TITAN |
| 52wk Range H/L | 1389/869 |
| Mkt Capital (Rs Cr) | 104510 |
| Av.Cash Volume(,000) | 49119 |
| Open Interest | NA |

| | |
|----------------|-----------------------|
| Buy Price | 1160-1170 & 1125-1135 |
| Stop Loss | 1080 |
| Target Price1 | 1310 |
| Target Price2 | 1350 |
| Upside in Tgt1 | 26%-30% |
| Upside in Tgt2 | 47%-51% |

Technical Chart



STDC- BUY TITAN @ 1160- 1170 AND ON DIP TOWARDS 1125-1135 SL- 1080 (CLOSING BASIS) TGT- 1310, 1350

Daily chart of stock reveals that demand is increasing and supply is diminishing. Formation of inverted Head & Shoulder pattern at lower levels is displaying trend reversal and creates buying opportunity at current juncture. As of now, sustainability of RSI above 9 DMA indicate surge on upside. Apart from this, declining histogram in MACD signals optimism, suggest upside move in the counter in coming session. BUY TITAN @ 1160- 1170 AND ON DIP TOWARDS 1125-1135 SL- 1080 (CLOSING BASIS) TGT- 1310, 1350

STDC : Long / BUY

4-Dec-19

| | |
|----------------------|---------|
| BSE Code | 507685 |
| NSE Symbol | WIPRO |
| 52wk Range H/L | 301/231 |
| Mkt Capital (Rs Cr) | 35975 |
| Av.Cash Volume(,000) | 138367 |
| Open Interest | NA |

| | |
|----------------|-------------------|
| Buy Price | 238-234 & 228-224 |
| Stop Loss | 218 |
| Target Price1 | 260 |
| Target Price2 | 270 |
| Upside in Tgt1 | 26%-30% |
| Upside in Tgt2 | 47%-51% |

Technical Chart



STDC- BUY WIPRO @ 238-234 AND ON DIP TOWARDS 224-228 SL- 218 (CLOSING BASIS) TGT- 260 270

The stock has witnessed a decent correction recently from the peak of 300 and took a halt near line of polarity while forming double bottom pattern on daily chart. RSI turned from oversold zone and MACD has indicated a reversal to maintain a positive bias which is showing potential to rise further in the coming days. With the chart looking attractive and decent volume participation witnessed, we recommend a buy around 238-234 and on dip towards 224-228 in this stock for an upside target of 260 & 270, keep a stop loss of 218 on closing basis.

STDC : Long / BUY

22-Nov-19

| | |
|----------------------|------------|
| BSE Code | 500875 |
| NSE Symbol | ITC |
| 52wk Range H/L | 310/234 |
| Mkt Capital (Rs Cr) | 304,303.00 |
| Av.Cash Volume(,000) | 228228 |
| Open Interest | |

| | |
|----------------|-----|
| Buy Price | 241 |
| Stop Loss | 218 |
| Target Price1 | 264 |
| Target Price2 | 274 |
| Upside in Tgt1 | 10% |
| Upside in Tgt2 | 14% |

Technical Chart



STDC- BUY ITC @ 250-244 AND ON DIP TOWARDS 237-233 SL- 218 (CLOSING BASIS) TGT-264, 274

ITC has formed double top on daily scale and there after it has retraced almost 80% from there and finding support around 245. Stochastics is giving sign of reversal at current levels, volume is also supporting this setup. Hence we advice our client to accumulate ITC in the range of 250 to 244 and on decline towards 237-233 for the price targets of 264 and 274 with 218 as SL on closing basis.

STDC : Long / BUY

15-Nov-19

| | |
|----------------------|-----------------|
| BSE Code | 500510 |
| NSE Symbol | LT |
| 52wk Range H/L | 1606.70/1202.30 |
| Mkt Capital (Rs Cr) | 168,208.00 |
| Av.Cash Volume(,000) | |
| Open Interest | |

| | |
|----------------|--------|
| Buy Price | 1347.5 |
| Stop Loss | 1269 |
| Target Price1 | 1465 |
| Target Price2 | 1510 |
| Upside in Tgt1 | 9% |
| Upside in Tgt2 | 12% |

Technical Chart



BUY: LT BETWEEN 1385-1365 AND ON DECLINE TOWARDS 1330-1310 SL 1269 (on closing basis) TGT 1465, 1510

Since 24th Sep LT is falling corrective by time and price wise both. It has retraced almost 70% from recent meaningful top of 1551 in simple abc format. Right now its trading in wave c of 2 which is near completion. We see less downside threat in this counter, hence we advice our client to accumulate in the range of 1385-1365 and on decline towards 1330-1310 for the price targets of 1465 and 1510 with 1269 on closing basis as SL.

STDC : Long / BUY

25-Jun-19

| | |
|----------------------|--------|
| BSE Code | 532955 |
| NSE Symbol | RECLTD |
| 52wk Range H/L | 169/89 |
| Mkt Capital (Rs Cr) | 27066 |
| Av.Cash Volume(,000) | 33489 |
| Open Interest | NA |

| | |
|----------------|-------------------|
| Buy Price | 155-161 & 138-142 |
| Stop Loss | 125 |
| Target Price1 | 220 |
| Target Price2 | 260 |
| Upside in Tgt1 | 25%-34% |
| Upside in Tgt2 | 25%-47% |

Technical Chart



STDC : BUY RECL AROUND 161-155 AND 138-142 SL 125 TARGET 220/ 260

Scrip is moving in a well defined ascending channel with multiple touch point and appears to be having a strong support around 138- 142 levels as it bounced back couple of time from the demand line. It also maintained its uptrend on the long term chart and is trading well above its short and long term moving averages(20/ 50 /200 DMA). The momentum oscillator, RSI is also favors the price pattern. One can accumulate the stock around 155 and lower around 138-142 zone for an upside target of 220/260 and a stop loss should maintain 125 closing basis.

STDC : Long / BUY

10-Jul-19

| | |
|----------------------|----------|
| BSE Code | 532155 |
| NSE Symbol | GAIL |
| 52wk Range H/L | 200/144 |
| Mkt Capital (Rs Cr) | 69467.46 |
| Av.Cash Volume(,000) | 31955.03 |
| Open Interest | NA |

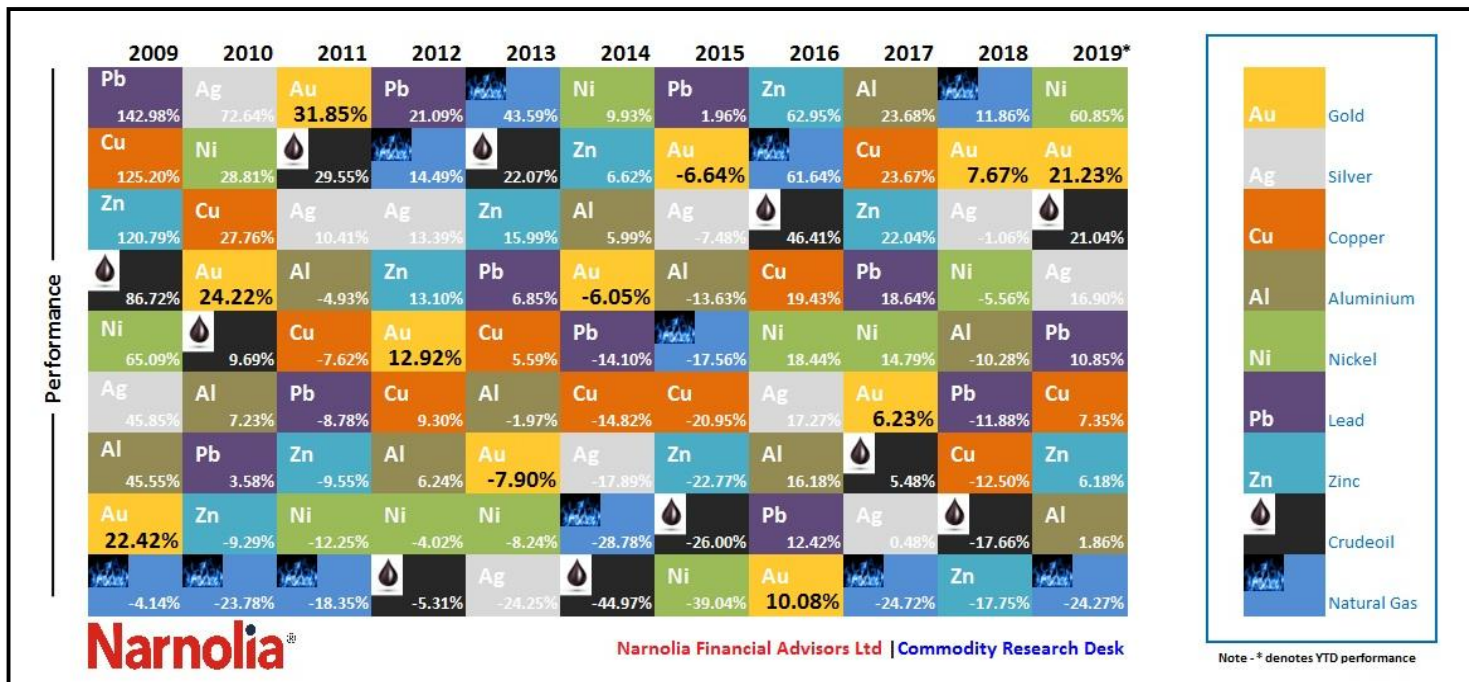
| | |
|----------------|-------------------|
| Buy Price | 140-145 & 120-125 |
| Stop Loss | 110 |
| Target Price1 | 180 |
| Target Price2 | 200 |
| Upside in Tgt1 | 20%-30% |
| Upside in Tgt2 | 30%-40% |

Technical Chart



STDC BUY GAIL AROUND 140-145, ON DIP 120-125 SL 110(CLOSING BASIS), TARGET 180-200

Weekly chart of GAIL reveals that demand is increasing and supply is diminishing. Channel support line from lower levels is displaying trend reversal and creates buying opportunity at current juncture. As of now, stock is taking support from its ascending triangle resistance line on monthly chart which augur well for the Bulls and indicate surge on upside. Apart from this, rising Histogram in MACD daily signals optimism, which further suggest upside move in the counter in coming sessions. BUY GAIL AROUND 140-145, ON DIP 120-125 SL 110(CLOSING BASIS), TARGET 180-200



Top Picks for 2019-2020

NICKEL

Nickel prices has risen by more than 60% on worries over supply tightness after the Indonesia announced an export ban on nickel ore from Jan 2020, two years earlier than expected. Moving into next year, Nickel prices may remain supported at Rs 1100 levels and trade higher towards 1400 levels in 2020.

GOLD

MCX Gold prices have witnessed a surge of 21% since last Diwali on account of 15-month long trade tension leads to soft economic growth, monetary easing by the central banks, increasing investment demand from ETF and Central banks buying and Brexit uncertainty. Investors started to lock in gains starting June and in the span of four months gold prices rocketed 15% and made a high \$1566/oz.

U.S. Fed policy makers will review their stance at a meeting on Oct. 29-30 amid speculation that they are set to deliver a third consecutive interest rate cut. Currently even negative interest rates and easing monetary policy is unable to spur the economic activity to balance the Debt to GDP ratio. During the short term, Gold prices may face headwind due to trade optimism and higher bond yields however, for the long term, one must mandatorily add gold in their portfolio due to uncertainty over global economic outlook. We expect Comex Gold prices to test \$1,650 in the coming year 2020.

CRUDEOIL

Crude oil prices are mainly supported by the efforts of OPEC members, same way as it helped falling oil prices in 2016 by introducing production cuts. Crude oil prices managed to rise 21% YTD despite record production from US and persistent demand worries.

OPEC+ nations have planned to discuss on reducing further production in the 5th Dec 2019 policy. This meeting will be deciding factor for the future direction of oil prices.

Last week, base metal prices were hit badly after US President Trump announced to impose additional tariffs on further \$300bn of Chinese imports stating that the 10% tariffs, due to take effect on 1 September which means it will tax all the Chinese imports. This states the trade war has reached on another level slowly damaging the health of the economy and thereby reducing the demand for industrial commodity.

Lead prices started to rise towards \$2100/tonne in June 2019 on the back of supply disruption and environmental crackdowns on smelters in China with additional support coming due to falling inventories. However, looking at the current scenario we believe this upside in prices is unlikely to sustain.

Looking at the demand supply scenario, global lead market shifted to surplus of 13,000 tonnes in May 2019 after showing a deficit of 31,000 tonnes in the month of April 2019. In the coming months, we believe this surplus will expand on account of fall in demand from the auto sector and lower manufacturing activity weakening demand for the metal worldwide.

Demand-Supply Scenario:

According to the ILZSG, the Group anticipates that global lead supply will exceed demand by 71,000 tonnes in 2019. The production is mainly anticipated to expand in China and Australia in 2019. China's lead production expanded 16.6 percent to 2.87 million tonnes in the first six months of 2019 according to the National Development and Reform Commission (NDRC).

| | 2016 | 2017 | 2018 | 2019* |
|---|-------|-------|-------|------------------|
| Mine Production* | 4689 | 4713 | 4671 | 4750 |
| World Refined Production | 11169 | 11589 | 11642 | 11940 |
| World Refined Consumption | 11141 | 11740 | 11721 | 11870 |
| Surplus/Deficit | 28 | -151 | -79 | 70 |
| <i>Source: ILZSG, Narnolia Research</i> | | | | (Figs in tonnes) |

Current Scenario: Three days ago, Nyrstar announced that it has restarted the blast furnace at its Port-Pirie lead smelter in Australia after two months shutdown due to an unplanned outage in late May resulting into a production loss of around 30,000 tonnes. On the London Metal Exchange, the benchmark spread i.e. the difference between the cash price and that for three-month delivery remains at discount of \$13 per tonne. This shifted the current premium of Lead into discount.

Inventory: The rising LME inventory is a cause for concern for the traders. LME warehouses saw an inflow of 27,625 tonnes of lead in a span of one week, taking total LME lead stocks to a one-month high of 85,375 tonnes, although total LME Lead inventories are still down significantly from the 107,000 tonnes held at the start of the year.

Conclusion: The restart of lead plant, rising inventories and increasing production together are pushing the LME forward contract into contango pointing us towards slowing demand for the metal in the coming months. Also the global economy is expected to remain subdued due to rising trade worries between US and China. If the China retaliates with more tariffs on United States we believe LME Lead prices will fall towards \$1770 per tonne in the coming three month time frame. Therefore, one can follow sell on rise strategy in LME Lead at \$2040/tonne.

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