

LEAD



News & Development

MCX Lead futures initially traded bullish during the January month owing to rising demand in the Asian countries. But then, prices fell in the last two weeks as there was lower demand for Lead in the western markets along with other base metals. Moreover, a series of lockdown in the European Union and certain parts of United States had weakened the industrial demand for Lead even though the LME Inventories were reported to be relatively lower with various developments of vaccine across the globe. By 1st February, MCX Lead prices closed at Rs.161.35/kg, higher by 4.67% compared to closing of Rs. 153.8/kg reported on 31st December.

Looking forward for the coming month, we expect MCX Lead futures to trade bearish due stronger Dollar index with another lockdown phase in the United States and European Union. China and other Asian countries usage which had been leading in the previous month, however this quarter may start of sluggish amid covid-19. Vaccine optimism may support prices from the lower levels. As per International Lead and Zinc study Group (ILZSG), global refined lead production for the month of Nov'20 has reported at 1075.0 thousand metric tonnes(MT), lower by 2.90% compared to previous month's production of 1044.7 thousand metric tonnes. On the other hand, metal usage during Nov'20 has been reported at 1041.2 thousand tonnes, higher by 2.92% compared to previous month's usage of 1072.6 thousand tonnes. Mining activities in South America is expected to recoveries in the earlier months with easing Covid-19 cases especially in Chile, Peru, Mexico countries, but then, possibilities of new strain virus could disrupt production activities in the month ahead. Moreover, the trade surplus for Nov'20 has been reported which is likely to pressure Global Lead prices during the coming month from any major upside movement. Hence, we expect bearish trend in MCX Lead futures for the month ahead.



On the daily chart, MCX Lead (Feb) has closed below its **"Bollinger Band Mean"**, which indicates weakness in the counter. Also, the counter has been trading below its **"Parabolic SAR"** which confirms power in the hands of the bulls. Additionally, **"Super Trend (7,1)"** has shown a sell signal which suggests a downward bias in the counter. Moreover, momentum indicator **RSI (14)** indicator has sustained below its 50 level which signals bearishness. Furthermore, momentum indicator **Stochastic (6)** is in a sell signal, which indicates bearish dominance in the counter. **So, based on the above technical structure one can initiate a short position in MCX Lead (Feb) future at CMP 161 or a rise in the prices till 162 levels can be used as a selling opportunity for the downside target of 147. However, the bearish view will be negated if MCX Lead (Feb) closes above the resistance of 168.**