

Nickel rallied to a four month high on stronger demand prospects despite China's efforts to crack down soaring commodity prices. Stronger demand for steel continue to bolster the steel component prices.

## Global Economy

- Major global equity gauges displayed moderate performance in the last week, while Japan's NIKKEI shed 2.93 percent.
- Fed minutes from June policy session showed that officials kept a rather patient stance on monetary tightening.
- China's producer prices rose by 8.8 percent YoY in June 2021, posting the sixth straight month of increase in factory gate prices.
- China's consumer inflation rate unexpectedly fell to 1.1 percent in June 2021.

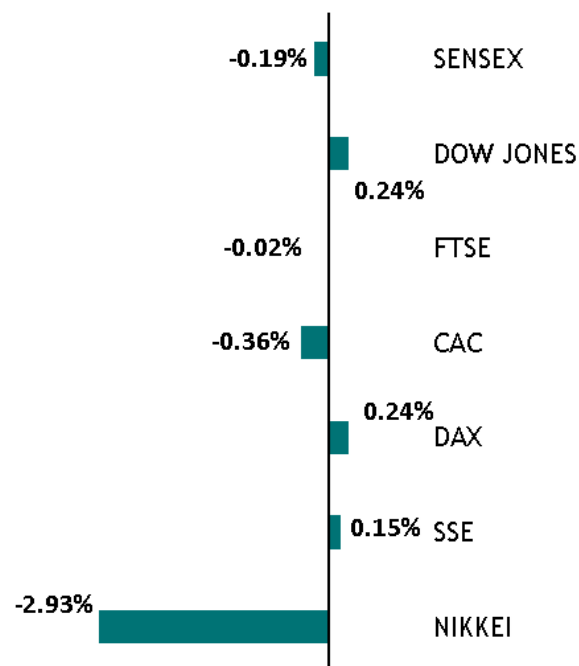
## Currencies

- US dollar settled few ticks lower last week at 92.13 marks against the basket of rivals.
- Euro inched up and closed slightly against dollar last week. Chinese Yuan eased 0.08 percent, while Japanese Yen gained 0.82 percent against dollar.
- Indian Rupee ticked up by 0.04 percent and settled at 74.485 marks against dollar.

## Nickel

- LME Nickel futures gained 2.21 percent last week while SHFE Nickel futures gained 3.18 percent.
- In MCX, Nickel near month futures prices gained 2.34 percent.
- China's crude steel production grew 2 percent in May to a record high of 99.5 metric tonne.
- LME Nickel cash over three month futures premium moved to backwardation at USD22.5 per MT.

## Indices



## Currency

Currencies	Close	WoW % Chg
Dollar Index Spot	92.13	-0.10%
Euro/US Dollar	1.1873	0.08%
US Dollar/ Japanese Yen	110.14	0.82%
US Dollar/ Indian Rupee	74.485	0.04%
US Dollar/ Chinese Yuan	6.4788	-0.10%

\*Currency rates mentioned above are Friday closing rates

## Key Data/Events for the week

Day	Data/Events
Tuesday	US - Inflation
Tuesday	China - Trade Balance
Thursday	China - GDP
Thursday	China - Industrial Production



**Nickel prices strengthened**

Nickel prices strengthened in major markets around the globe as firm demand for the metal from major consumer China. Even as Chinese authorities taken up efforts to control price surge in commodities, stronger demand bolstered prices. The nickel demand for electric vehicle batteries is forecast to climb in coming years. Meanwhile, stable growth from stainless steel industry also contributed to the surge in nickel prices. The stainless steel prices have surged by 25 percent since late April. According to World Steel Association, China's crude steel production grew 2 percent in May to a record high of 99.5 metric tonne.

In London Metal Exchange, nickel prices gained 2.21 percent last week to a near three four high of USD18747 per metric tonne. In China's Shanghai Futures Exchange, nickel rallied to a four month high and settled at CNY139160 per metric tonne. MCX nickel futures gained 2.34 percent to Rs.1404.3 per kilogram last week.

**China cancels import tariffs on Iron, Crude & Recycled steel, inventories surge at ports**

Chinese authorities have cancelled import tariffs for pig iron, crude steel and recycled steel as a measure to discourage exports, calm domestic prices, reduce energy consumption by steel industry and improve environmental conditions in manufacturing centres of China. As on 2nd July, iron ore inventories at ports in China grew 0.4 percent WoW to 124.5 million tonnes after four consecutive weeks of falling on average by 1 percent during the period 4th -24th June. The stocks level reported last week was 13 percent higher YoY. In the meantime, steel stockpiles at ports jumped 2 percent WoW in the week ended 2nd July after rising consistently for three consecutive weeks. Steel stockpiles stood at 15.8 MT on 2nd July, 8 percent higher compared to the same period in 2020.

**Warehouse inventory levels**

Total warehouse inventories in LME registered warehouses decreased by 1.70 percent last week and totalled 228612 MT. The inventories in Shanghai warehouses increased by 4.68 percent and totalled 5141 MT.

**Global Market Prices**

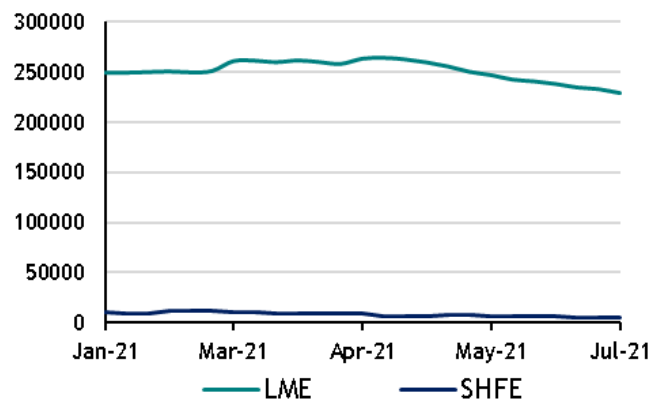
Exchanges	Close Price	WoW % Chg	YoY % Chg
LME	18747 (\$/MT)	2.21%	35.99%
SHFE	139160 (CNY/MT)	3.18%	25.28%
MCX	1404.3 (Rs/Kg)	2.34%	34.14%

\*Near Month Futures Contracts in MCX/ SHFE/COMEX  
 \*Three Month Forward Futures Contracts in LME  
 \*Prices mentioned above are Friday closing rates in respective exchanges

**Warehouse Stock Details**

Exchanges	Stocks in MT	WoW Chg	WoW % Chg
LME	228612	-3954	-1.70%
SHFE	5141	230	4.68%

**Stocks in Metric Tonnes**



**Outlook**

Robust demand from the stainless-steel industries and the electric vehicle segment continue to offer support to prices. China's considerable appetite for commodities and concerns over supply from the top producer Indonesia, may also generate investment excitement in the commodity in near future.

**Trading Outlook**

	LME 3M Futures	MCX Jul
Weekly View	MILD POSITIVE	MILD POSITIVE
Short Term View	POSITIVE	MILD POSITIVE
Technical Levels		
Trading Range	\$21000-14100	Rs 770-1020
Resistance 1	18950	1410
Resistance 2	19990	1460
Resistance 3	21000	1590
Pivot	18200	1330
Support 1	17900	1345
Support 2	16450	1200
Support 3	14400	1145

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