

---

Lower growth forecast to keep copper prices under pressure

---

---

## LOWER GROWTH FORECAST TO KEEP COPPER PRICES UNDER PRESSURE

---

- LME 3 M Copper prices are currently at \$9108 per metric tonne, down slightly from their previous close. Prices, on the other hand, are currently trading lower from the monthly low and high's midpoint. It's down from the month's high of \$9755 per mt on September 13th, but up from the low of \$8811 per mt on September 21st.
- Shanghai markets will be closed for holiday from Oct 1-7 on account of Golden Week holiday, which is likely to limit the move in prices.
- Copper prices have fallen this month due to a power supply issue in China, which has resulted in factory closures and put uncertainty on the outlook for demand. China's economic growth is expected to slow this year, according to Goldman Sachs and Nomura. China's GDP is expected to increase 4.8 percent in the third quarter of 2021, and 3.2 percent in the fourth quarter, according to Goldman Sachs. Goldman's previous expectations for the third and fourth quarters were 5.1 percent and 4.1 percent, respectively. Ting Lu, the Chief China Economist at Nomura, has lowered his projection for Chinese GDP growth this year. He now expects China's GDP to increase by 7.7% this year, down from 8.2% previously predicted.
- Strength in dollar index is likely to keep imported metals prices under pressure. The dollar index on Wednesday extended its three-week rally to a 1-year high which is additionally supported by a recent surge in T-note yields. BOJ Governor Kuroda said "it's necessary" for the BOJ to continue with persistently large-scale easing to achieve its 2% inflation target. St. Louis Fed President Bullard said he sees upside risks to inflation, and he sees the Fed going ahead with starting to taper asset purchases in November. On the bearish side for the dollar, Fed Chair Powell said the current rise in inflation is tied to the reopening of the economy from the pandemic and won't lead to a new regime of higher inflation going forward. Also, Philadelphia Fed President Harker said, "he wouldn't expect any interest rate hikes from the Fed until late 2022 or early 2023." Fed comments were mostly mixed for US dollar on Wednesday.
- Eurozone economic confidence surprisingly jumped +0.2 to 117.8, beating predictions of a dip to 117.0, according to data released on Wednesday. The dollar was supported by positive economic statistics from the United States. Pending home sales in the United States increased by 8.1% month over month in August, exceeding predictions of +1.4 percent. The demand for industrial metals was boosted by both of these indicators.

- In terms of inventory, Comex copper warehouse stock climbed by 2232 metric tonnes to 49997 metric tonnes in the previous five trading days, whilst LME copper warehouse stock declined by 17775 metric tonnes to 220875 metric tonnes, and SHFE warehouse stock decreased by 13196 mt to 11656 mt. In the last three months, copper warehouse stock at Comex, LME, and SHFE has declined by over 106106mt, reaching 282528mt. (As of the 29th of September). A recent drop in inventory is supportive for Copper prices.

## Outlook

- LME 3 M Copper prices are likely to trade lower on the backdrop of weak economic activity in China. It is likely to remain under pressure as long as it remains below critical resistance level of 20 days EMA of \$9289 per mt and 50 days EMA of \$9393 per mt. Meanwhile it may find strong support base near \$8975-\$8595 per mt.

---

## DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: [info@abans.co.in](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

---

### Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website [www.abans.co.in](http://www.abans.co.in) Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
  - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

### Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on [compliance@abans.co.in](mailto:compliance@abans.co.in)