

**TECHNO FUNDA REPORT ON**

# **LEAD**

*Prices can move Lower*



## MCX LEAD DAILY CHART (JULY)



**Recommendation:** Investors can take fundamental sell position in Lead (Jul) at current prices for the target of 109 with stop loss of 118.

**Note:**

- These long term fundamental calls are for duration of three to four weeks time frame and do not confuse these with intraday calls.
- It is assumed that investor takes position in two lots and square off position in one lot on partial profit booking and trail stop loss to buying/selling price for second lot.

## LME LEAD DAILY CHART



## **Bearish factors for Lead**

### **Rising supply**

Global lead market was oversupplied by 4,000 tons during the first four months of 2015 as against an oversupply of 9,000 tons in the same period a year ago, according to data published by the International Lead and Zinc Study Group (ILZSG). World refined lead metal production is expected to increase by 1.1% to 11.03 million tonnes in 2015.

### **Declining demand**

Demand for refined lead metal during the period stood at 3.365 million tons, declined 2.2% as against 3.441 million tons in January - April 2014.

### **Drop in e bikes demand in China**

China uses half of the world's lead -- mostly in batteries for everything from vehicles to equipment backing up the power grid. In China, demand for cheap, quick transportation boomed as the economy grew to become the world's second largest, prompting millions of people to move from rural areas to the cities for jobs.

### **China slowdown**

Days since a referendum in Greece helped push the country closer to a painful exit from the euro zone, another financial crisis is competing for the world's attention in China, where stock markets have tumbled in the last month. This point of view is naturally supported by a range of eye-popping numbers. Over a period of four weeks, Chinese companies lost some \$3.9 trillion in value — a number more than 15 times the size of the entire Greek economy. The Chinese government has employed a range of strategies to halt the slide. The collapse is, to say the least, unnerving in a country of such tremendous size and influence. China has a population 1.3 billion people as well as the world's second-largest economy, one that is deeply connected to world markets. Greece, by contrast, has a population around the size of Ohio's and an even smaller economy.

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SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public offering of its equity shares and has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") and the Stock Exchanges. The Draft Red Herring Prospectus is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in) and on the websites of the Book Running Lead Manager i.e., ICICI Securities Limited at [www.icicisecurities.com](http://www.icicisecurities.com) and the Co- Book Running Lead Manager i.e., Elara Capital (India) Private Limited at [www.elaracapital.com](http://www.elaracapital.com). Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please see the section titled "Risk Factors" of the aforementioned offer document.

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