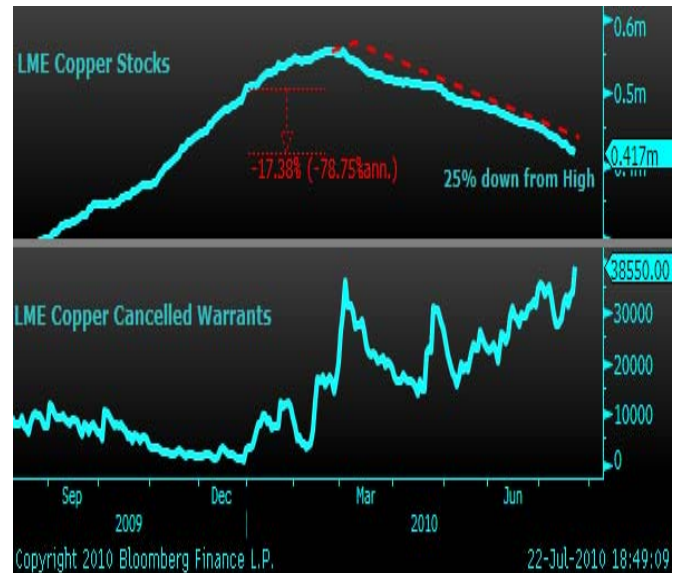


COPPER : GAINING STRENGTH

Date: 22nd July, 2010

Copper - Gaining strength

Copper, the metal used in power and construction surged to highest peak of the month on expected growth in China coupled with improving demand signs on falling inventories. Demand barometer, Copper inventories tracked by the LME have been shrinking since last 25 days, is the lengthiest run since a 40-session streak that ended on July 2, 2009. Stockpiles have fallen to 416,525 tons, the lowest level since Nov. 18. They're down 17 percent this year and headed for the first annual drop since 2004 and stocks have dropped about 24 percent from levels in mid-February, suggesting firm demand. Bookings to remove copper from LME warehouses have gained 15 percent, the most since June 14, to 38,550 tons, the highest level since June 2, 2009.



On fundamental side, consumption of copper exceeding on improving demand from emerging economies as International Copper Study Group reported, world refined copper consumption exceeded production by 67,000 tonnes between January and April this year, against a surplus of 74,000 tonnes in the same year-ago

Copper is also gaining strength on technical charts. It has formed "Inverse Head & Shoulder" pattern on LME Copper Charts. Neckline breakout of this chart was placed at \$6800 and that being broke now; target now comes to around \$7800 (i.e. 15% upside) within three months time horizon. On MCX prices are expected to rise near ₹360/kg which are trading near ₹325/kg.



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