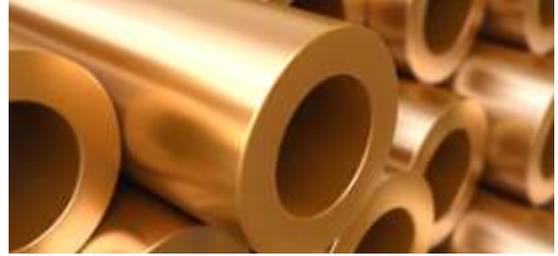


Price Performance



Base Metals

Copper

LME Copper continued its positive momentum in March 2015 with prices surging by more than 2 percent. Gains were witnessed largely due to supply disruption concerns caused after torrential

interest rates than investors had anticipated after it said it will review rate issue on a meeting-by-meeting basis. This came as a breather for Copper prices. Owing to this, there is a renewed confidence amongst investors as can be seen in CFTC holdings which have come into buying territory for the first time in 10

Base metals on the LME traded on a mixed note in Mar'15 as the Federal Open Market Committee dropped an assurance that the Fed will be "patient" in raising rates. Although, it stated that the appropriate time to tighten will be when it observes further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term.

On the other hand, Chinese Premier Li Keqiang set the nation's 2015 expansion target at about 7 percent, the slowest in more than 15 years. Slowdown is a result of persistent struggle with debt, pollution and corruption spurred in a three-decade-long economic boom.

Adding more pressure on to prices was string of weak data as industrial output, investment and retail sales growth missed estimates in January and February, thereby suggesting more stimulus is needed to boost the world's second-largest economy. Also, uncertainty in Greece with respect to due repayments kept the risk appetite under check.

On the inventory front, Copper was the biggest gainer for the third month in a row with stocks rising by 12 percent whereas Zinc stocks declined the most for the third consecutive month by 9.5 percent.

On the MCX, all the base metals except Nickel traded on a positive note in March owing to Rupee depreciation.

downpours in the north of Chile, the world's biggest copper producer, which forced companies to suspend operations at several of the area's major mines, thereby putting an estimated 1.5 million tonnes of capacity of the red metal on hold. Concerns were only magnified after Codelco, the world's biggest copper producer, shut all of its Atacama mines including Chuquicamata and Radomiro Tomic as rains in the Atacama Desert of northern Chile closed roads and flooded towns.

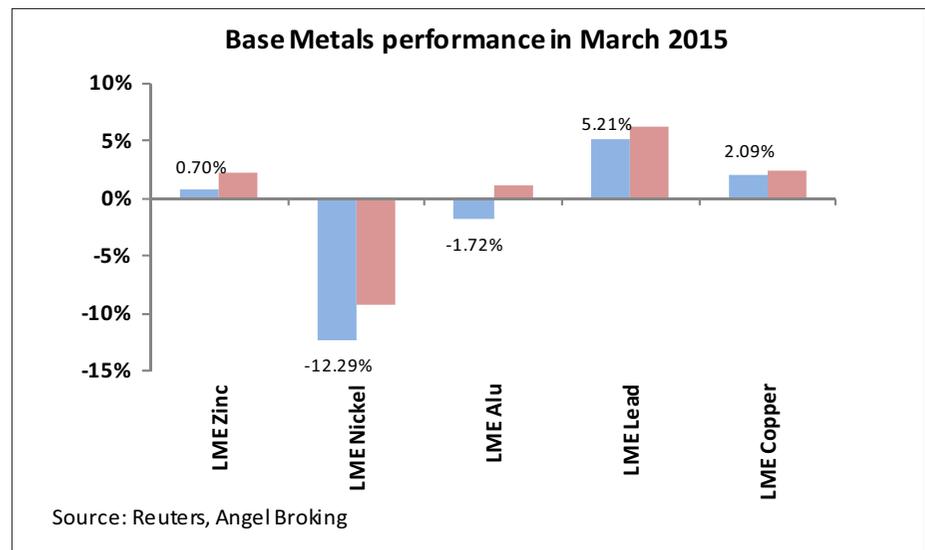
Also boosting copper prices was news from Indonesia that production has been halted at the Grasberg mine, one of the world's biggest, as workers blocked an access road to the site and demanded management review safety conditions following an accident.

Further, the Federal Reserve sounded less likely to act aggressively in raising

months.

However, gains were not phenomenal as China's refined copper output rose 15.81% year-on-year in the first two months of the year despite the week-long Chinese New Year holiday during the period. Demand side remained bleak as China's refined copper imports posted a 24.23% fall on the year in February this year, to 211,609 tonnes. Also, China's scrap copper imports tumbled 38.96% in February to merely 187,100 tonnes, 24.72% lower than a year earlier. The import numbers touched a low never seen since Jan'09 due to plunging copper prices along with lull period owing to Chinese New Year holiday.

Moreover, Newmont Mining Corp's Indonesian copper export permit extended for six months after the company gave assurances over its commitment to build a smelter with Freeport-McMoRan Inc.



Overall, Copper has received support mainly from supply disruption concerns along with rise in long positions thereby indicating the return of bullish mode after consistent bearish note for 10 months in a row till February.

Aluminium

LME Aluminium continued its downward trajectory with prices declining by 1.7 percent in March 2015 as China Premier Li Keqiang at the National People's Congress lowered the country's economic growth forecast to "about 7 percent" confirming a period of "new normal" of sluggish investments, overcapacity, and slowing infrastructure projects.

In addition to weak demand, China's exports of aluminium products grew about 19% last year, a trend expected to continue in 2015, given Chinese domestic prices compared with international markets. Exports of primary aluminium ingots attract heavy export duties in China, but producers have been sidestepping the tax and other costs by ramping up shipments of lightly processed metal, which is often remelted at its destination. China's primary aluminium exports attract a 15% tariff on top of a 17% VAT, however exports of semi-manufactured shapes don't attract the tariff, and are eligible for a 13% VAT refund, making them more competitive.

Japan's aluminum premiums for April-June shipments were mostly set at \$380 per metric ton, down for the first time in six quarters on higher inventories and slumping spot premiums. Aluminum stocks held at three major Japanese ports rose for an eleventh month to hit a record high at the end of February, buoyed by

high imports as China ramped up exports of semi-manufactured products, leaving regional producers searching for buyers for their surplus metal. Spot premiums fell globally for the first time last month, after soaring around nine-fold since 2009 amid backlogs at LME-registered warehouses of up to two years to access the metal.

On the other hand, the most recent statistics released by the International Aluminum Institute (IAI) indicates that the global aluminum output during the month of February this year, excluding China, dropped when compared with the prior month. However, upon comparison with the same month a year ago, the Feb '15 output has improved considerably. Chinese aluminium production in the first two month of 2015 showed a growth of 6.8% compared to last year and has been the slowest start to a year since 2009.

US aluminium producer Alcoa has this week announced the full shuttering of the Alumar smelter in Brazil. Alcoa and minority partner BHP Billiton curtailed two potlines at the 440,000-tonnes-per-year plant over the course of 2013 and 2014. Now the third and last will also be mothballed. It's the fifth, and largest, Brazilian smelter to be shuttered since 2009 – a major retreat for what was once one of the world's top producing countries.

Also providing a little respite to prices was signal by Federal Reserve Chair Janet Yellen that the U.S. central bank will likely start raising borrowing costs later this year, even before inflation and wages have returned to health, but emphasized the return to normal interest rates will be gradual. The Fed signaled in its March

statement that it was moving a step closer toward raising rates, though the central bank cut its economic outlook and slashed its median estimate for the federal funds rate, in a sign that it was prepared to move more slowly than the market expected ahead of the meeting.

Outlook

For April'15, we expect base metal prices to trade higher owing to speculation that PBoC may take additional monetary stimulus steps in a bid to revive growth in the flagging economy. Also, dovish tone in the latest FOMC meeting minutes will be supportive to boost demand for dollar denominated base metals.

Copper prices are likely to trade higher in April'15 as supply disruption concerns from major producers along with production cut by Chile for 2015 will be supportive. However, sharp gains will be capped as seasonal demand for copper in China is likely to moderate in the second quarter as compared to previous years, with end users holding limited cash as the economy slows.

We expect Aluminium prices to trade higher in April'15 as Japan's aluminium product demand, including for exports, is expected to grow 1.8 percent in the financial year starting April 1, backed by rising demand for cans for coffee beverages and a rebound in construction market. Also, weakness in the DX following a string of weak economic data from the US along with rising expectations of broad based monetary policy measures from China to stoke growth in the world's largest consumer will be supportive.

Commodity	Support 1	Support 2	CMP	Resistance 1	Resistance 2
LME Copper (\$/tonne)	5407	4771	6006	6360	6840
MCX Copper (Rs./kg)	340	300	375.75	400	430
LME Aluminium (\$/tonne)	1710	1630	1761	1880	1980
MCX Aluminium (Rs./kg)	109	104	110.40	120	126
LME Nickel (\$/tonne)	10690	9700	12560	13830	14690
MCX Nickel (Rs./kg)	750	680	790.70	970	1030
LME Lead (\$/tonne)	1740	1660	1924	1915	2010
MCX Lead (Rs./kg)	109	104	120.50	120	126
LME Zinc (\$/tonne)	1967	1871	2151	2175	2290
MCX Zinc (Rs./kg)	123	117	134.60	136	143