



11th June, 2008

SNAPSHOT

| | |
|---------------|-------------|
| World pdtn. | 3800 K tons |
| India's pdtn. | 82 K tons |
| LME Inv. | 72000 tons |

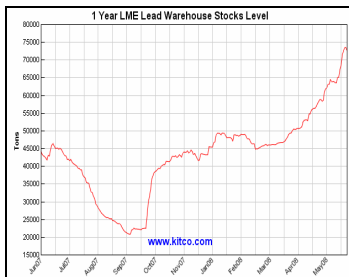
HIGHLIGHTS

- **Lead, a highly malleable and easy to melt metal, is widely used in various industries.**
- **Lead is used mainly in manufacturing of acid batteries and in systems to block radio active radiation.**
- **Australia & China are the major producers of the metal along with Peru, Canada, Mexico and South Africa.**
- **China, India, Japan, US and European Union are the major consumers of the metal.**
- **World's lead production is around 3400,000 tonnes.**
- **Lead production in India is estimated to be around 82000 tons.**
- **India nearly imports around 50% of the lead it needs.**
- **Present LME inventory is at 72000 tonnes, which is at one year highs.**

OUTLOOK -Bearish

| | |
|------------|-------|
| Support | 80 |
| Resistance | 90 |
| Target | 72 |
| CMP: | 84.55 |

Inventory - LME

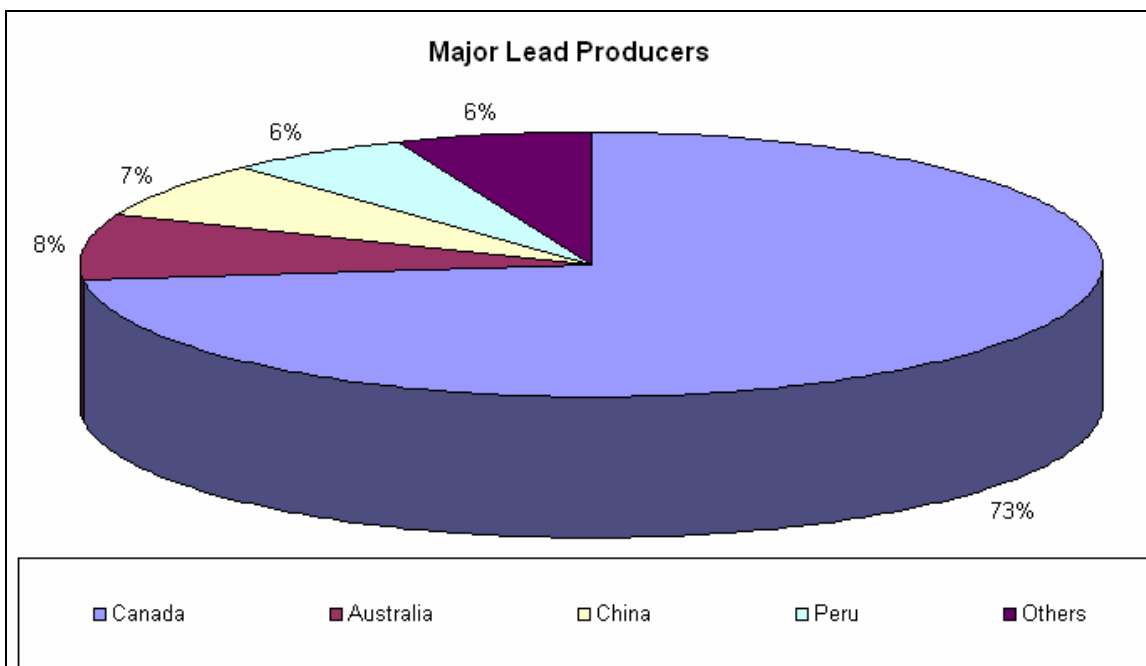


INTRODUCTION

Lead is a dull metal and is a dense, ductile, very soft, highly malleable metal and is bluish-white in colour but is a poor conductor of electricity. This true metal is highly resistant to corrosion, and because of this property, it is used to contain corrosive liquids (e.g. sulfuric acid). Lead has been commonly used for thousands of years because it is widespread, easy to extract and easy to work with. It is highly malleable and ductile as well as easy to smelt. In the early Bronze Age, lead was used with antimony and arsenic. The Romans also used lead in molten form to secure iron pins that held together large limestone blocks in certain monumental buildings.

GLOBAL SCERANIO

Lead is mainly produced in by countries such as Australia, China, US, Peru, Canada, Mexico, Sweden, Morocco, South Africa and North Korea. These countries put together produce around 3400,000 tonnes. The main companies that are involved in the production of Lead are: BHO Billiton (Australia),Rio Tinto (United Kingdom) and Pasminco (Australia).



During 2007, the average price of refined lead rose appreciably from that of 2006 on both the U.S. and world markets, approaching record highs. Consistent with this rise in price, the global supply situation for refined lead remained tight, as stocks continued to decline and demand remained strong. Use of lead worldwide was estimated to have increased by 4% in 2007. Continued strong economic growth in the automotive, telecommunications, and information technology sectors in China was the most significant factor influencing increased lead usage. Automobile sales alone in China increased by an estimated 25% during 2007. Also contributing to the increase in worldwide lead demand were notably stronger economies continuing to emerge in other areas of Southeast Asia, particularly India, as well as many of the countries in Eastern Europe.

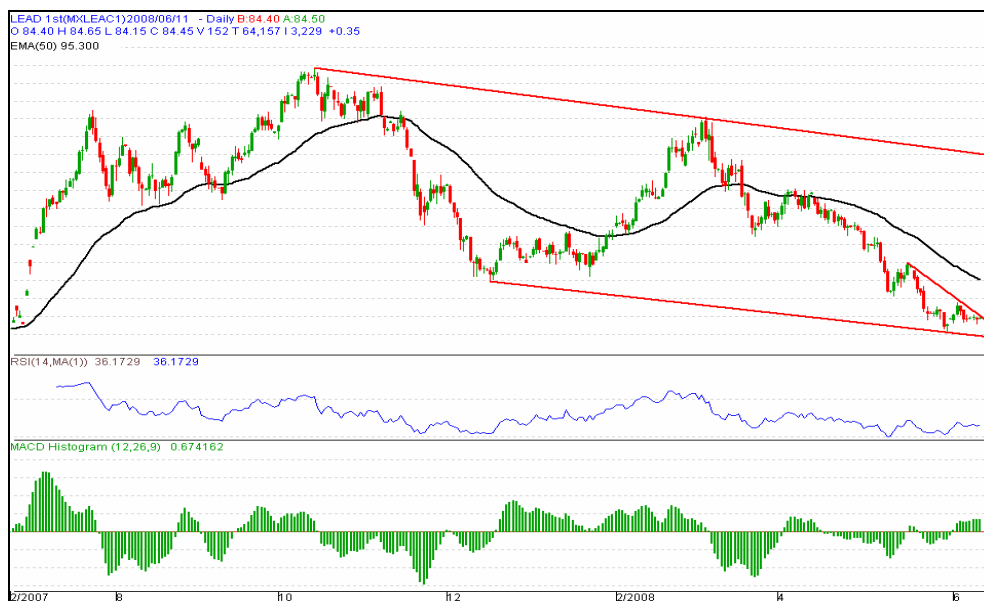
Global mine production of lead concentrate increased by about 5% in 2007. However, Chinese net imports of lead concentrate rose significantly during the year, affecting the supply of concentrate on the world market. Increases in lead concentrate production are anticipated in China, Europe, and South America to meet the rising world demand. Influenced by the higher domestic demand for lead, China removed the value-added tax rebate and imposed a 10% tax on exports of refined lead, leading to significantly decrease of such exports. As a result, an appreciable shortage of refined lead was evident on the world market during 2007. Increases in refined lead production were begun in China, India, and some European countries in order to more closely meet the rising demand for refined lead. U.S. mine production of lead in concentrate remained steady during 2007, as did production of secondary lead that was sourced principally from recycled spent lead-acid batteries. According to Battery Council International statistics, demand for replacement SLI batteries in 2007 was equivalent to that of 2006, whereas original equipment SLI demand was down, the latter being consistent with lower new vehicle sales figures.

THE FUTURE OF LEAD

The single most important commercial use of lead is in the manufacture of lead-acid storage batteries .It is also used in alloys such as fusible metals, antifriction metals, solder, and type metal. Lead is used for covering cables and as a lining for laboratory sinks, tanks, and the “chambers” in the lead-chamber process for the manufacture of sulfuric acid. It is used extensively in plumbing. Although lead and most of its compounds are only slightly soluble in water, the use of lead pipe to carry drinking water is dangerous, since lead is a cumulative poison that is not excreted from the body. Due to this property (poisonous) usage of lead is getting reduced and it’s substitutes are being used. Substitution of plastics has reduced the use of lead in building construction, electrical cable covering, cans, and containers.

Aluminum, iron, plastics, and tin compete with lead in other packaging and protective coatings, and tin has replaced lead in solder for new or replacement potable water systems in the United States. In the electronics industry, there has been a move towards lead-free solders with varying compositions of tin, bismuth, silver, and copper.

Technical Outlook



Lead has seen a major correction in prices in the last one year mainly due to the decrease in the demand. As a result the counter had come down from 150/kg to present rates of 80-85. At present levels the metal is forming a decreasing triangle indicating weakness in the counter. In the daily charts lead is trading below the 50 days EMA and is hardly showing any signs of strength. At LME the lead stock is at 72000 tonnes, which is at one year highs. One may see some bottom buying at these levels but that should be used to go short rather than going long. The short term support seems to be at 80-81, once that is broken one may see lower levels of 65-70.

Disclaimer

Kindly read the Risk Disclosure Documents carefully before investing in Equity Shares/Commodities, Derivatives or other instruments traded on the Stock/Commodity Exchanges.

MCX - 28850, NCDEX - 00635

This report is for informational purposes only and contains information, opinion, material obtained from reliable sources and efforts have been made to avoid errors and omissions and is not to be construed as an advice or an offer to act on views expressed therein or an offer to buy and/or sell any securities or related financial instruments and the authors shall not be responsible and/or liable to anyone for any direct or consequential use of the contents thereof. The information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of RR Information & Investment Research Pvt Limited. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Please be informed that past performance is not necessarily a guide to future performance. All disputes shall be subject to the exclusive jurisdiction of Delhi courts only

Queries Please Contact: - 011-23352496-99, Ext – 484, Fax- 011- 23353703,

✉ - suhail@rrfcl.com indranilmukherjee@rrfcl.com
www.rrfinance.com/research.aspx

