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Ali Set to Rally!!!

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15/09/2023

Aluminum Fundamental Update

- Metals were pressurised by weak Chinese economic data and ongoing property market concerns
- Recent changes in policy support and announcement from China have off late been supportive
- Aluminium has seen consolidating between \$2100 and \$2250 over the last few months
- Supply pressures have risen due to China's production capacity limits of 45 million tons and Indonesia's ban on bauxite exports
- Demand is on the rise driven by increased use of solar panels and electric vehicles, offsetting the decline in construction-related usage
- IAI expects aluminium market to head towards a deficit by 2024 which could be supportive
- In China, aluminium billet inventories across major consumption areas are on the rise
- Fed's pending price hikes may encourage US DXY to retrace lower and seasonal restocking activity could support our bullish sentiment
- LME aluminium inventories are predominantly (up to 80%) Russian, leaving very little non-Russian aluminium for lending purposes (cash and carry trades)
- Tighter spreads and a potential inventory squeeze to play out as consumers scramble for metal amid a pick-up in restocking activity
- Several factors largely support the small but gradual rebound in aluminium prices
- We anticipate bullish trend in aluminium prices in the short term.

MCX Aluminum Technical Update



- MCX Aluminium prices have formed a Cup and Handle formation on 4 hourly chart. The neckline breakout level of the pattern is placed at Rs. 205.50 . The next leg of rally is likely to push prices towards Rs. 212 and further extend towards Rs. 214 level.
- The 14- period RSI on 4 hourly chart has crossed above 60 mark which signals that counter is gaining strength in momentum on the higher side. Critical support is now placed below the low of the Handle formation which is observed near Rs. 199 level.
- We recommend to create long positions in the counter only above Rs. 205.50 for the expected upside of Rs. 214 level. Our view will negate if prices close below Rs. 199 level.

LME Aluminum Technical Update



- LME Aluminium prices are set to break above the 100 EMA (Exponential Moving Average) on daily chart which is placed at \$2250 level. A decisive close above this level is likely to push prices further higher towards \$2320 and further extend towards \$2350 level in the medium term.
- The 14-period RSI on daily chart has climbed near 60 mark which signals strength in momentum on the higher side. Critical support is now placed near \$2170 level.
- We recommend to create long positions in the counter only above \$2250 for the potential upside up to \$2350 level. Our view will negate if prices close below \$2170 level.

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