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Aluminium: Navigating the Uptrend

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Aluminium Fundamental Update



- Aluminum prices have risen significantly this month, delivering almost 5% gains leading the base metals pack
- Prices have been aided as China continued to signal additional measures to prop up consumption, improving the outlook for manufacturing inputs
- Trump proposed fresh tariffs on imported copper, aluminium to boost U.S. production
- Cautious sentiment still lingers ahead of the February 1 deadline where first round of tariffs targeting China, Mexico, and Canada
- LME Aluminium stocks have decreased ~48% from highs touched in May 2024
- China is set to increase funding from ultra-long treasury bonds in 2025 to spur business investment and consumer-boosting initiatives, according to NDRC
- Chinese economy expanded by 5.4% YoY in Q4 2024, accelerating from 4.6% in Q3, surpassing market estimates of 5.0%, boosted by a series of stimulus measures launched since September to boost recovery and regain confidence
- Beijing's decision to end tax rebates for aluminum semi-manufactured products also provided upside
- European Union is reportedly considering to propose a ban on imports of Russian primary aluminium in its 16th package of sanctions against Russia over its invasion of Ukraine
- However, European buyers would be allowed to import 275,000 metric tons of the Russian metal under a quota system for a one-year period before a full ban comes into effect
- In lieu of sanctions and optimism over China, the aluminum market looks positive for a potential upside of 8% in the near term

MCX Aluminium Technical Update



- MCX Aluminium has developed a Cup & Handle pattern on the daily chart and has recently surpassed the neckline.
- The 100 Day-Exponential Moving Average is acting as a support level for the prices.
- We recommend initiating long positions above ₹ 253.50, with a stop loss below ₹ 237 on a closing basis, targeting ₹ 275 and ₹ 285.

LME Aluminium Technical Update



- LME Aluminium is forming a Cup & Handle pattern and has recently rebounded from the 100-day Exponential Moving Average support.
- Prices have given a strong indication of an upward breakout after a phase of sustained consolidation.
- We recommend initiating long positions above \$2630, with a stop loss below \$2450 on a closing basis, targeting \$2860 and \$2950.



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