

COMMODITY INSIGHT

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ALUMINIUM & TMC



ALUMINIUM



News & Development

MCX Aluminium futures traded mixed to bullish during the month of February so far, owing to hopes of revival of global economy with recovering industrial activities in the Asian markets, even though covid-19 worries continue to loom over the horizon in the major developed countries that had added uncertainties regarding the health of the global economy. Moreover, mining activities in Latin America has been lower which led to supply tightness in the past couple of weeks. MCX Aluminium futures has also witnessed a bullish trend and price has closed at Rs.173.55/kg by 22nd February, higher by 6.96% compared to Rs.162.25/kg as on 31st January.

Looking forward for the coming month, we expect International Aluminium Futures to trade bullish as the hopes of US Stimulus package of \$ 1.9 trillion dollars rise once again. India, China and other developing countries have uplifted lockdown to ease the market tensions that has led to higher industrial demand. The US economic data has been reported to be positive in the last couple of weeks as winter season has started to cool down in various states including Texas, which is expected to improve domestic industrial demand. The base metals demand of China is expected to rise after spring festival holidays as majority of the citizens didn't travel at the global level. As per International Aluminium Institute, global Aluminium production for the month of Jan'21 has been reported to be around 5.707 Million tonnes, lower compared to previous month's production of 5.694 million tonnes. China has witnessed higher global production for the last month. China's Aluminium production for the above month has been estimated around 3.300 million tonnes, similar compared to 3.300 million tonnes reported during the previous month. Elsewhere, production in Asia (excluding China), North America, Western and Eastern Europe have also reported higher production for the Jan'21 compared to the proceeding month. Overall, we expect a bullish trend in MCX Aluminium Futures for the month ahead.



On the daily chart, MCX Aluminium (Mar) future has been rising continuously from last couple of days, which shows bullish strength in the counter. Moreover, the price has traded above 50*200 Simple Moving Averages and **Ichimoku Cloud** with positive crossover between conversion line & base line, which indicates bullish set-up for long term. Furthermore, a momentum indicator RSI (14) and Stochastic witnessed of upward trend with positive crossover, which suggest buying strength in the counter for near term. **So, based on the above technical structure one can initiate a long position in MCX Aluminium (Mar) future at CMP 173 or a fall in the prices till 170 levels can be used as a buying opportunity for the upside target of 185. However, the bullish view will be negated if MCX Aluminium (Mar) closes below the support of 166.**

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NCDEX Turmeric Future price had traded bullish during the month February so far closing at Rs.7810/quintal on 22nd February, higher by 19.36% compared to Rs.6554/quintal as on 31st January. Improved buying in the domestic market with easing lockdown situation and higher exports from India supported prices in the last couple of weeks. Moreover, farmers are slowly releasing their stocks as prices have started to become favourable in all the spot markets of the southern peninsula in India. Local trader are looking for turmeric spot and future prices to breach Rs.10000/quintal level, as it had breached during the December 2016.

Fundamentally for the month ahead, we are estimating NCDEX Turmeric futures to trade bullish, with the people of India giving more importance to health and safety amid the on-going pandemic. Moreover, the recent developments in Maharashtra (Maratwada regions) and Telangana have indicated that the crop conditions/ yield has been reported to be lower by 5-10% compared to the previous year. Reports of poor quality crop during the coming harvesting season has also supported prices. Reports of Crop damage in state of Tamil Nadu after the winter rainfall has lifted the spot prices of Salem and Erode above Rs.8000/quintal. So far, the amount of loss in the said state is still not confirmed and the actual damage may be even greater. Moreover, this year's all India production could also face a decline by 8-10% to 8.6-8.8 lakh tonnes as compared to the previous year's 9.5-9.6 lakh tonnes. However, extreme bullishness in prices can be capped as farmers continue to hold good amount of stocks since the last year; especially during the peak lockdown situation (April-May 2020), where the domestic demand and exports had taken a big blow from the covid-19 pandemic and lockdown. Exports from India is expected to further rise with higher pharmacy demand and expectancy of greater demand in the middle east during the Ramadan period for the April month.



NCDEX TMC (Apr) future gained more than 20% during the month after giving a breakout of **Falling Wedge** Pattern on a monthly time-frame. Moreover, the price has shifted above **Ichimoku Cloud** and **50 Simple Moving Averages**, which indicates bullish strength for the long term. In additions, the price has also moved above **Upper Bollinger Band** formation & Parabolic Sar formation, which supports the bullish trend. A momentum oscillator Stochastic showed positive crossover, which point-out upward trend for the near term. **So, based on the above technical structure one can initiate a long position in NCDEX Turmeric (Apr) future at CMP 8100 or a fall in the prices till 8100 levels can be used as a buying opportunity for the upside target of 9200. However, the bullish view will be negated if NCDEX Turmeric (Apr) closes below the support of 7450.**

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Commodity	LTP	Wow (%)	MoM (%)	Open Interest (weekly change)
LME Aluminium (\$/tonne)	2161	3.95	7.25	4150
SHFE Aluminium (\$/tonne)	16735	4.26	7.75	20.150K
MCX Aluminium (Rs./kg)	173.35	3.87	6.96	3350
NCDEX Turmeric Futures (Rs./quintal)	8122	9.11	19.36	4200

Seasonality Chart

Commodity	Country	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Turmeric	India	Red	Green	Green	Green	White	Blue	Blue	Blue	Red	Red	Red	Red
	Sowing												
	Growth												
	Harvesting/Arrival												

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