

## News & Development

MCX Aluminium futures traded mixed to bullish during the month of January so far, owing to hopes of revival of global economy with recovering industrial activities in the Asian Markets, but then, prices mainly fell from the higher side in the last week amid rising covid-19 cases in the major developed countries and uncertainties regarding the health of the global economy. The new US Government's proposal for a \$1.1 trillion new stimulus package has given strength to LME Aluminium Futures. Moreover, mining activates in Latin America has been lower which led to supply tightness in the past couple of weeks. MCX Alumini futures has also witnessed a bullish trend and price has closed at Rs.163.94/kg by 25th January, higher by 1.86% compared to Rs.160.94/kg as on 31st December.

Looking forward for the coming month, we expect International Aluminium Futures to trade bearish as the global scenario has shown uncertainty in the last couple of weeks. India, China and other developing countries have uplifted lockdown to ease the market tensions, however, Covid-19 cases continue in the western countries, which is likely to bring uncertainty about the global economic health for the fourth quarter of 2020 and first quarter of 2021. The base metals demand of China may slump during Mid-February period with upcoming spring festival holidays. As per International Aluminium Institute, global Aluminium production for the month of Dec'20 has been reported to be around 5.670 Million tonnes, lower compared to previous month's production of 5.504 million tonnes. China has witnessed higher global production for the last month. China's Aluminium production for the above month has been estimated around 3.280 million tonnes, lower by 3.23% compared to 3.207 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 Nov'20 compared to the proceeding month. Overall, we expect a bearish trend in MCX Alumini Futures for the month ahead.



On the daily timeframe, MCX Aluminium (Feb) has been trading below its "Parabolic SAR" which indicates a downward bias in the counter. Also, price has faced resistance near its 50 Days "Simple Moving Average" which signals negative momentum in the counter. Additionally, price has formed a series of "Lower Highs & Lower Lows" which confirms bearishness. Moreover, momentum indicator **Stochastic (13)** has given a negative crossover which indicates weakness in the counter. Furthermore, **MACD** indicator has sustained below its 0 Level which suggests control in the hands of the bears. **So, based on the above technical structure one can initiate a short position in MCX Aluminium (Feb) future at CMP 163.55 or a rise in the prices till 164.20 levels can be used as a selling opportunity for the downside target of 153.50. However, the bearish view will be negated if MCX Aluminium (Feb) closes above the resistance of 168.60.**