

ALUMINIUM



News & Development

MCX Aluminium futures traded mixed to bullish during the month of March 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. But then, the 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.177.25/kg by 25th March, higher by 2.16% compared to Rs.173.5/kg as on 26th February.

Looking forward for the coming month, we expect International Aluminium Futures to trade bullish as the covid vaccination process has picked up pace. Currently the European Union is in the third phase of lockdown, however, the world is relatively much more prepared for this ongoing pandemic wave as compared to the first wave during the corresponding period last year. But then, extreme bullishness is likely to be capped as US Dollar Index and Bond Yield continue to spur. Furthermore, global silver prices have showcased a slump amid the weak industrial demand in the European Union due to series of lockdown. As per International Aluminium Institute, global Aluminium production for the month of Feb'21 has been reported to be around 5.203 Million tonnes, lower compared to previous month's production of 5.727 million tonnes. China has witnessed higher global production for the last month. China's Aluminium production for the above month has been estimated around 3.017 million tonnes, similar compared to 3.320 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 Feb'21 compared to the preceding month. Overall, we expect a bullish trend in MCX Aluminium Futures for the month ahead.



On the daily timeframe, MCX Aluminium (Apr) future has been trading in **Rising Channel** formation with the support of **Middle Bollinger Band**, which indicates a bullish strength in the counter. Moreover, the price has also confirmed **Bullish Engulfing** Candlestick pattern, which is a sign of bullish reversal. However, MACD indicator is showing some weakness with negative crossover, which may drive the prices lower for the near term. **So, based on the above technical structure, we are recommending buy on dips strategy in MCX Aluminium future, one can initiate a long position around 173 or a fall in the prices till 171 levels for the upside target of 185. However, the bullish view will be negated if MCX Aluminium (Apr) closes below the support of 166.**