

# ALUMINIUM



## News & Development

Global Aluminium futures initially bullish during the month of May, owing to hopes of revival of global economy with recovering industrial activities in the US markets and higher imports from China. However prices fell in the second half of May with covid-19 worries continue to loom in India that had added uncertainties regarding the health of the global economy with rising cases in Asian countries including Japan. Moreover, refinery activates in China has showcased decline due to extremely high prices in the commodities market. MCX Alumini futures has closed at Rs.189.2/kg by 27th May, lower by 3.29% compared to Rs.195.65/kg as on 30th April.

Looking forward for the coming month, we expect International Aluminium Futures to trade bullish as the covid vaccination process has picked up face. Currently, the Chinese and United States economic data has shown a significant incline over the months and expected to be higher for the month of May, which is expected to support Aluminium prices along with other base metals. But then, extreme bullishness is likely to capped as US Dollar Index and Bond Yield find some strength. Moreover, China will strengthen price controls on iron ore, copper, corn and other major commodities in its 14th five-year plan for 2021 to 2025 to address abnormal fluctuations in prices. As per International Aluminium Institute, global Aluminium production for the month of Apr'21 has been reported to be around 5.560 Million tonnes, higher compared to previous month's production of 5.744 million tonnes. China has witnessed higher global production for the last month. China's Aluminium production for the above month has been estimated around 3.223 million tonnes, lower compared to 3.330 million tonnes reported during the previous month. Elsewhere, production in Asia (excluding China), North America, Western and Eastern Europe have also reported lower production for the Apr'21 compared to the proceeding month. Overall, we expect a bullish trend in MCX Alumini Futures for the month ahead.



On the daily chart, MCX Aluminium (Jun) future has been rising continuously in bullish channel with **Higher Highs and Higher Lows** formation from last couple of days. In addition, the price has also given a breakdown of **Descending Broadening wedge** formation in channel which supports the bullish trend. Moreover, the price has settled above **50 Exponential Moving Averages** after taken support of trend line with **Hammer candlesticks**, which confirms bullish momentum in the near future. Furthermore, a momentum indicator RSI (14) & an oscillator **Stochastic RSI** is supportive for the long position, but then, on an hourly chart the latter is suggesting negative crossover; indicating some correction in the counter till the level of **192.50**. Hence, based on above technical structure we are recommending buy on dip strategy in MCX Aluminium (Jun) future, around 192.50 or a fall in the price till 190 levels, that can be used as purchasing opportunity for the upside target of 206. However, the bullish view will be negated if MCX Aluminium (Jun) future close below the support level of 183.