

Daily Aluminium Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for 12 Sep 2017

LME & MCX Aluminium Outlook Summary

11 Sep 2017	LME Aluminium CSP USD/MT	LME Aluminium 3M Forward USD/MT	SHFE Aluminium 3M Forward CNY/MT	MCX Aluminium Sep'17 INR/Kg	EURUSD
Closing Price	2100.50	2121.50	16100	134.50	1.1951
Change	1.38%	1.43%	0.00%	1.24%	-0.68%

Fundamental Summary	Critical Price drivers		Price Direction
	Global and Chinese production levels		Downward
	Crackdown on Chinese smelting industry		Upward
	Upbeat Chinese demand sentiments		Upward
Weakness in US Dollar		Upward	

Next 10 Trading days	LME Aluminium 3M Forward		MCX Aluminium Aug'17
	Price Outlook Summary		Prices are likely to consolidate in the range of USD 2060 to 2150 in the coming trading days.
	Direction		Mixed
	Price Range		2060 to 2150

LME Aluminium Spot Procurement Strategy for spot month*					
Open Position	Pricing Window			Already Priced	
	Start	End	Avg Till Date	Weighted Average Price	Quantity
	01 Sep 2017	30 Sep 2017	2086.86	2075	50%
Yet to be Priced					

Strategy Review	Wait		50%
	50% of Oct'17 requirements covered at USD 2075. For rest requirements wait for a while.		
Closed Positions Audit	Market	Period	Procurement savings % (Bettering the market average)
	LME Aluminium Cash	Mar 2013 Till Date Aug 2017	0.37% -1.97%

LME Aluminium Trading Strategy						
Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	3M Fwd	Wait	--	--	--	--
Strategy Review	Traders should wait for fresh position.					
Closed Positions Audit	Market	Period	Strike Rate %	Net Profit Per Lot		
	LME Aluminium 3M	July 2012 Till Date July 2017	60.12% 50%	USD 197.16 -USD 250		

MCX Aluminium Trading Strategy						
Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	Aug'17	Wait	--	--	--	--
Strategy Review	Traders should wait for fresh position.					
Closed Positions Audit	Market	Period	Strike Rate %	Net Profit Per Lot		
	MCX Aluminium 1M	2010 to Till Date July 2017	52.94% 100%	INR 753.68 INR2350		

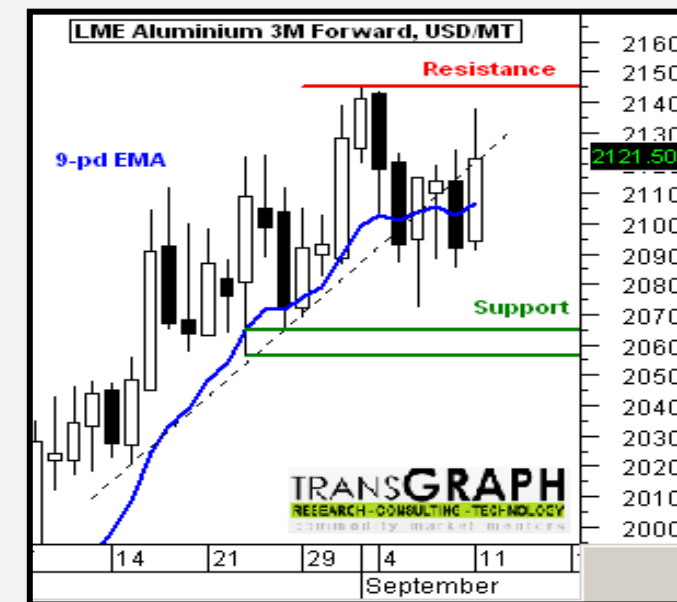
Fundamental Analysis

- ❖ LME Aluminium traded positive during yesterday's session and closed 1,43% up for the day. However, prices have remained in a range in the last few sessions after hitting four year highs earlier this month.
- ❖ At the economic front, Dollar traded positive during Monday's session against the basket of currencies as the risk sentiments improved after Pyangong marked its anniversary, over the weekend, without any further missile tests. Further, weakening of hurricane Irma to a tropical storm has helped dollar sentiments.
- ❖ Markets await next week's FOMC meeting (September 20) where FED is likely to be on the dovish side amid the recent fall in inflation and growth moderation. FOMC members in their statements in the recent times have sounded dovish failing to ascertain any further rate hike this year.
- ❖ At the fundamental front, data released last week indicated that the Chinese exports of Aluminium and product have declined in the month of August to 410 thousand tons from 440 thousand tons in July but flat compared to year ago levels.
- ❖ Moderation in exports shall aid global sentiments but shall weigh on price sentiments in the mainland. Further, with year to date exports remaining higher by 5.5% compared to year ago levels at 3.25 million tons physical supplies remain abundant.
- ❖ Earlier, even IAI reported that global Aluminium production during the month of July has declined from June by 3.4% to 5 million tons but still remains higher by 1% compared to year ago levels. For the first seven months of this year global production has increased by 5.2% YoY to 35.29 million tons with Chinese output increasing by 9.2% during the period.
- ❖ On the other hand, speculative buying interest remains intact in Aluminium forward prices owing to expectations of steeper production cuts emanating from China. Reports of capacity curbs in China have been in the news since authorities have inspected and cracked down high intensive, polluting and illegal smelting capacities that had come online post 2013 in the some Chinese regions.
- ❖ While the reforms in Chinese electrolytic Aluminium industry may lead to capacity moderation for the medium to long term, new and upgraded capacities that have come

online in the recent times continue to churn out large amount of production keeping the physical supplies higher.

Technical Outlook: LME Aluminium 3M Forward

- ❖ LME Aluminium prices traded with positive momentum and closed at USD 2121.50 in the last day trade.
- ❖ On the downside support is likely around USD 2060. While early break below the same likely to push the prices further lower towards USD 2010.
- ❖ On the upside resistance is likely around USD 2150 followed by 2190.
- ❖ Prices are holding well above its short term average and are consolidating for past few trading days.
- ❖ On the daily technical setup RSI (9) is trending lower out of phase to the direction of price and hence higher prices are likely to witness selling pressure in the coming trading days.



Concisely, Prices are likely to consolidate in the range of USD 2060 to 2150 in the coming trading days.

Mini Charts

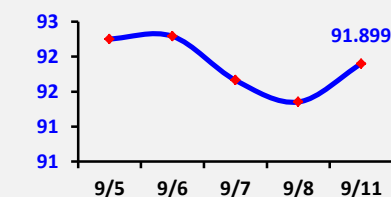
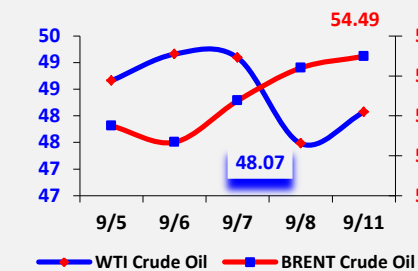
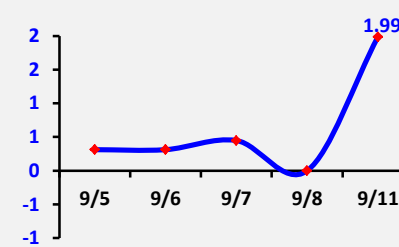
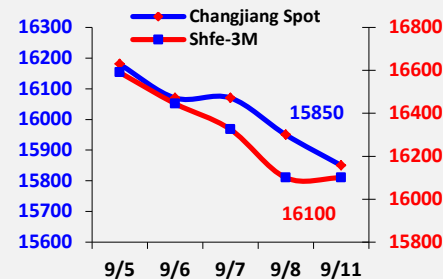
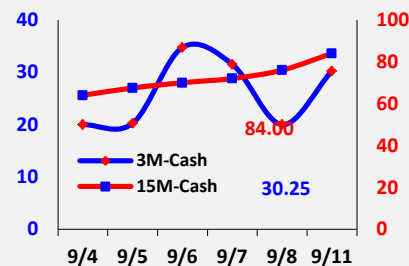
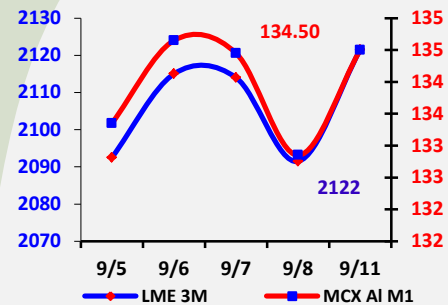
Aluminum Prices

LME Spreads

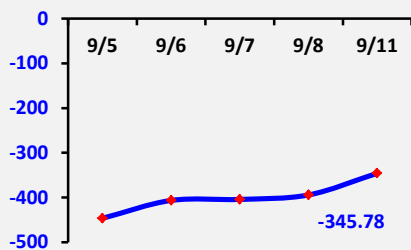
Chinese Market

Daily Aluminium Price Outlook and Strategy

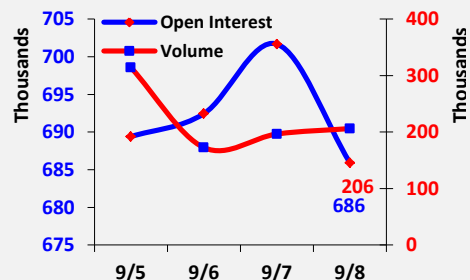
Decision enabling market analysis & price outlook



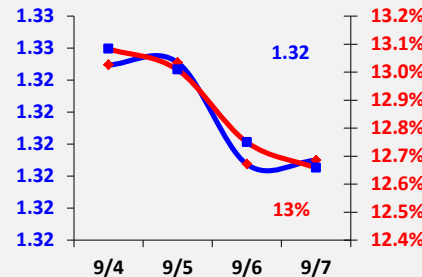
LME-SHFE Arbitrage



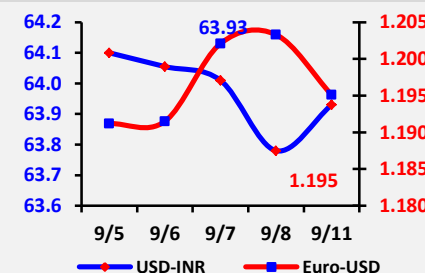
Financial Trade



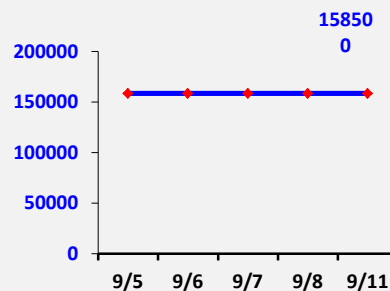
LME Inventory



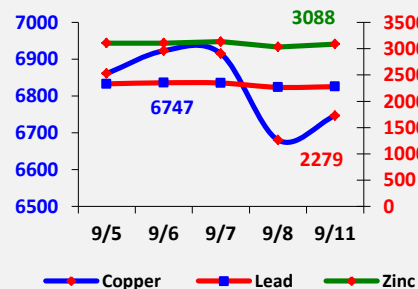
Currency



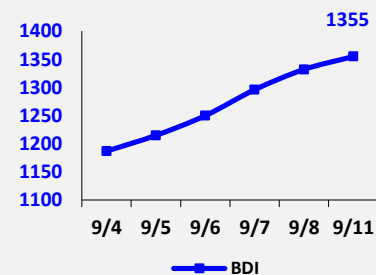
Nalco Aluminium



Other Industrial Metals



BDI



Market Prices

Exchange	Contract	11 Sep 2017				Change	Previous Close
		Open	High	Low	Close		
LME AL USD/MT	3M Forward	2094.00	2138.00	2091.00	2121.50	1.43%	2091.50
SHFE AL CNY/MT	3M Forward	15945	16550	15805	16100	0.00%	16100
MCX AL INR/Kg	Sep'17	133.25	135.40	133.10	134.50	1.24%	132.85
	Oct'17	133.95	136.00	133.80	135.15	1.24%	133.50

Put-Call Ratio

WTI & BRENT Crude Oil

Dollar index

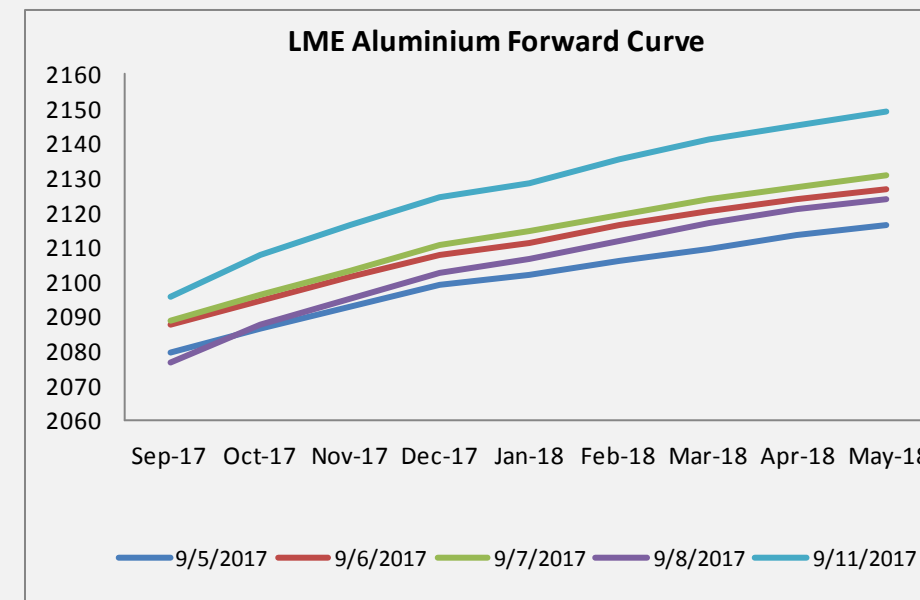
Daily Aluminium Price Outlook and Strategy

Decision enabling market analysis & price outlook



Market	Commodity	11 Sep 17	08 Sep 17	Change	%Change
LME	Aluminium CSP USD/MT	2100.50	2072.00	28.50	1.38%
Changjiang	Aluminium Spot CNY/MT	15850	15950	-100	-0.63%
	Aluminium Scrap (365 Auto Wheels), USD/MT	1955	1975	-20	-1.01%
Chalco	Alumina USD/MT	444.42	447.72	-3.30	-0.74%
India, Mumbai	Aluminium Spot INR/MT	134200	132300	1900	1.44%
LME	Warehouse stocks (In MT)*	1321500	1321375	125	0.01%

*LME releases stocks data for the prior day a day later by 09:00 hrs (London Time)



Currency	11 Sep 2017	08 Sep 2017	Change	% Change
Dollar Index	91.899	91.352	0.547	0.6%
EURUSD	1.1951	1.2033	-0.0082	-0.7%
GBPUSD	1.3162	1.3197	-0.0035	-0.3%
USDJPY	109.39	107.83	1.56	1.4%
USDBRL	3.1023	3.0865	0.0158	0.5%
USDTHB	33.11	33.11	0.00	0.0%
USDINR	63.93	63.78	0.15	0.2%
USDCNY	6.5254	6.4773	0.0481	0.7%
USDIDR	13160	13200	-40.00	-0.3%
USDMYR	4.195	4.192	0.003	0.1%

Our Extensive coverage of Industrial & Base Metals

Report	Coverage #	Price Outlook & Strategies
Daily Aluminium Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.AL3M.LME, IN.ALc1.MCX
Daily Copper Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.CU3M.LME, IN.CUc1.MCX
Daily Lead Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.PB3M.LME, IN.PBc1.MCX
Daily Zinc Price Outlook and Strategy	NU, FA, TA, PO, TS, PS, FF, MP, 5D, 2W	UK.ZN3M.LME, IN.ZIc1.MCX
Bi-Weekly Aluminium Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.AL3M.LME
Bi-Weekly Copper Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.CU3M.LME
Bi-Weekly Lead Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.PB3M.LME
Bi-Weekly Zinc Elliott wave analyser	EWA, PO, 6W, 4-6M	UK.ZN3M.LME

Daily Aluminium Price Outlook and Strategy

Decision enabling market analysis & price outlook



Bi-Weekly Gold Technical Analysis and Price Outlook	EWA, PO, 6W, 4-6M	US.AU.SPOT, US.AG.SPOT, IN.AU.MCX, IN.AG.MCX
Weekly Indian Steel Flats Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	IN.HRC.LUDHN
Weekly Indian Steel Longs Price Outlook and Strategy	NU, FA, TA, PO, PS, FF, MP, 2W, 6W	IN.REBAR.MUM
Weekly Indian Steel Raw Materials Price Outlook and Strategy	NU, FA, PO, FF, MP, 2W, 6W	--
Monthly Aluminium Special Report	FA, BS, TA, PO, 2M	UK.AL3M.LME
Monthly Copper Special Report	FA, BS, TA, PO, 2M	UK.CU3M.LME
Monthly Lead Special Report	FA, BS, TA, PO, 2M	UK.PB3M.LME
Monthly Zinc Special Report	FA, BS, TA, PO, 2M	UK.ZN3M.LME
Monthly Indian Steel Flats Special Report	FA, BS, TA, PO, 2M	IN.HRC.LUDHN, IN.CRC.LUDHN
Monthly Indian Steel Longs Special Report	FA, BS, TA, PO, 2M	IN.REBAR.MUM

News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

LEGAL INFORMATION

This document is the whole property of TransGraph Consulting Private Limited, Hyderabad, India (hereafter "TransGraph").

The following acts are strictly prohibited:

- Reproduction and/or forwarding for sale or any other uses
- Posting on any communication medium
- Transmittal via the Internet

Terms of usage

Upon receipt of this document either directly or indirectly, it is understood that the user will and must fully comply with the other terms and conditions of TransGraph. By accepting this document the user agrees to be bound by the foregoing limitations. This publication is prepared by TransGraph and protected by copyright laws. Unless otherwise noted in the Service Agreement, the entire contents of this publication are copyrighted by TransGraph, and may not be reproduced, stored in another retrieval system, posted on any communication medium, or transmitted in any form or by any means without prior written consent of TransGraph. Unauthorized reproduction or distribution of this publication, or any portion of it, may result in severe civil and

criminal penalties, and will be prosecuted to the maximum extent necessary to protect the rights of TransGraph. The information and opinions contained in this report have been obtained from sources TransGraph believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any assets (commodities, currencies, etc) or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient; they are subject to change without any notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any views expressed reflect the current views of the analysts, which do not necessarily correspond to the opinions of TransGraph or its affiliates. Opinions expressed may differ from views set out in other documents, including research, published by TransGraph. Any reference to past performance should not be taken as an indication of future performance. No member in the public related to TransGraph accepts any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report.

Analyst Certification

Each analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the analyst's views about any and all of the factors and assets (commodities, currencies, etc) named in this report, and (ii) no part of the analyst's compensation is directly or indirectly, related to the execution of the specific recommendations or views expressed herein.

Errors and Omissions Excepted (E&OE)

Copyright © TransGraph Consulting Private Limited, Hyderabad, India.

Talk to us on: **+91-40-46619999**

Research Queries: services@transgraph.com

Sales: mktg@transgraph.com

TransRisk software: demo@transgraph.com

More info: www.transgraph.com | www.transrisk.net

TransGraph Consulting Private Limited

6C/A, Melange Towers, Sy.No.80-84, Hitech City, Hyderabad – 500081, India