

# Daily Commodity Analysis Report

Monday, August 2, 2021  
Monday



## MARKET MOVEMENT

Commodity	Unit	Last	% Cng	Weekly	Monthly	YTD	Yearly	50DMA	100DMA	200DMA
Gold	1 Kg	48001.00	-0.82	0.97	3.01	-4.29	-9.96	SELL	BUY	SELL
Silver	30 Kg	67847.00	-0.52	1.21	-0.63	-0.38	7.63	SELL	SELL	BUY
\$Gold	100 Tr. Oz	1810.30	-0.20	0.71	2.97	-4.41	-7.83	SELL	BUY	SELL
\$ Silver	5000 Tr. Oz	25.454	-0.07	1.15	-1.16	-3.35	7.73	SELL	SELL	SELL
Crude	100 BBL	5517.00	1.29	2.68	1.63	56.56	45.77	BUY	BUY	BUY
Nat.Gas	1250 mmBtu	290.00	-3.94	-4.14	5.93	59.25	52.55	BUY	BUY	BUY
\$ Crude	1,000 Barrels	73.95	0.45	2.43	0.91	52.25	45.55	#N/A	#N/A	#N/A
\$ Nat. Gas	10000 mmBtu	3.91	-3.57	-4.14	5.93	59.25	52.55	BUY	BUY	BUY
Aluminium	5MT	206.75	0.22	4.04	4.33	46.37	31.56	BUY	BUY	BUY
Copper	2500Kg	751.70	-0.77	-1.19	4.65	26.40	32.49	BUY	BUY	BUY
Lead	5MT	177.25	0.03	1.16	0.45	14.58	15.80	BUY	BUY	BUY
Nickel	1500Kg	1484.10	-1.6	0.32	7.57	22.43	29.72	BUY	BUY	BUY
Zinc	5MT	248.15	0.45	0.16	4.35	35.34	26.50	BUY	BUY	BUY
LME Alum	25 Tonnes	2601.50	0.15	3.43	2.52	31.15	33.61	BUY	BUY	BUY
LME Copp	25,000 Lbs.	9752.00	0.39	0.93	3.78	25.29	33.54	BUY	BUY	BUY
LME Lead	5 Tonnes	2383.00	0.15	0.29	3.74	19.66	21.43	SELL	SELL	BUY
LME Nickel	250 Kg	19460.00	-0.56	0.51	6.00	18.11	29.56	BUY	BUY	BUY
LME Zinc	5 Tonnes	3023.50	-0.26	1.75	2.82	10.28	24.36	BUY	BUY	BUY

Note:

\* 50DMA - If prices trading above 50DMA "BUY" Signal is shown

\* 100DMA - If prices trading above 50DMA "BUY" Signal is shown

\* 200DMA - If prices trading above 50DMA "BUY" Signal is shown

\* 50DMA - If prices trading below 50DMA "SELL" Signal is shown

\* 100DMA - If prices trading below 50DMA "SELL" Signal is shown

\* 200DMA - If prices trading below 50DMA "SELL" Signal is shown

\* Domestic Rates are as per closing basis and International rates are as per 8.30am

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## Daily Commodity Analysis Report

Monday, August 2, 2021



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### Currency Snapshot

Currency	Last	% Cng	
USDINR	74.60	0.14	▲
EURINR	88.78	0.33	▲
GBPINR	104.15	0.25	▲
JPYINR	68.04	0.29	▲
EURUSD	1.1870	0.04	■
GBPUSD	1.3894	-0.02	▼
USDJPY	109.69	0.01	■
Dollar Index	92.09	0.22	▲

### Indices Snapshot

Indices	Last	Change	
NIFTY	15763.05	-0.10	▼
SENSEX	52586.84	-0.13	▼
HANGSENG	25961.03	-1.35	▼
NIKKEI	27283.59	-1.80	▼
STRAITS	3166.94	-0.43	▼
CAC 40	6621.09	-0.19	▼
DAX	15502.80	-0.88	▼
DJIA	35084.53	0.44	▲
NASDAQ	14778.26	0.11	■
JAKARTA	6070.04	-0.83	▼
KOSPI	3202.32	-1.24	▼

### LME Stock Snapshot

Commodity	Stock	Cng
LME Aluminium	1387800	-7425
LME Copper	239650	4475
LME Lead	60400	-500
LME Nickel	214632	-780
LME Zinc	245125	-1650

### Economical Data

Time	Currency	Data	Fcst	Prev
11:30am	EUR	German Retail Sales m/m	0.019	0.046
12:45pm	EUR	Spanish Manufacturing PMI	59.4	60.4
1:15pm	EUR	Italian Manufacturing PMI	61.4	62.2
1:20pm	EUR	French Final Manufacturing PMI	58.1	58.1
1:25pm	EUR	German Final Manufacturing PMI	65.6	65.6
1:30pm	EUR	Final Manufacturing PMI	62.6	62.6
7:15pm	USD	Final Manufacturing PMI	63.1	63.1
7:30pm	USD	ISM Manufacturing PMI	60.8	60.6
7:30pm	USD	Construction Spending m/m	0.004	-0.003
7:30pm	USD	ISM Manufacturing Prices	87.9	92.1

### Open Interest Snapshot

Commodity	Last	OI	% Cng	Status
Gold	48001.00	12417	0.18	Fresh Selling
Silver	67847.00	8315	0.11	Fresh Selling
Crude	5517.00	8392	29.93	Fresh Buying
Nat.Gas	290.00	13166	-10.14	Long Liquidation
Aluminium	206.75	3159	5.86	Fresh Buying
Copper	751.70	3734	-1.48	Long Liquidation
Lead	177.25	1352	0.07	Fresh Buying
Nickel	1484.10	2008	-28.29	Long Liquidation
Zinc	248.15	2195	17.57	Fresh Buying

### Calendar Spreads Snapshot

Commodity	Near Month	Next Month	Spread	P. Spread	Change
Gold	48001.00	48173.00	172.00	182.00	-10.00
Silver	67847.00	68677.00	830.00	846.00	-16.00
Crude	5517.00	5484.00	-33.00	-34.00	1.00
Nat.Gas	290.00	291.50	1.50	0.70	0.80
Aluminium	206.75	205.90	-0.85	-0.90	0.05
Copper	751.70	754.90	3.20	3.15	0.05
Lead	177.25	178.35	1.10	1.35	-0.25
Nickel	1484.10	1481.30	-2.80	-3.20	0.40
Zinc	248.15	246.45	-1.70	-1.90	0.20

### Commodity Ratio Snapshot

Commodity	Annual			
	Close	Max	Min	Avg
Gold / Silver Ratio	70.75	100.90	65.55	76.69
Gold / Crude Ratio	8.70	19.58	8.37	13.48
Gold / Copper Ratio	63.86	112.33	59.19	83.45
Silver / Crude Ratio	12.30	25.03	12.33	17.44
Silver / Copper Ratio	90.26	147.81	87.51	108.25
Zinc / Lead Ratio	140.00	141.74	111.81	130.85
Crude / Nat.Gas Ratio	19.02	25.87	10.60	19.84

#### Commodity Market Daily Trading Levels

Commodity	Close	Support 3	Support 2	Support 1	Pivot Point	Resist 1	Resist 2	Resist 3	Trend
Gold	48001.00	47300.00	47630.00	47815.00	48145.00	48330.00	48660.00	48845.00	Negative
Silver	67847.00	66989.00	67302.00	67574.00	67887.00	68159.00	68472.00	68744.00	Negative
\$ Gold	1813.78	1798.00	1803.10	1806.70	1811.80	1815.40	1820.50	1824.10	Negative
\$ Silver	25.47	24.90	25.10	25.20	25.40	25.50	25.70	25.80	Negative
Crude oil	5517.00	5362.00	5396.00	5456.00	5490.00	5550.00	5584.00	5644.00	Positive
Natural Gas	290.00	272.40	279.90	284.90	292.40	297.40	304.90	309.90	Negative
\$ Crude oil	73.95	72.42	72.73	73.34	73.65	74.26	74.57	75.18	Positive
\$ Natural Gas	3.9140	3.6277	3.7413	3.8277	3.9413	4.0277	4.1413	4.2277	Negative
Aluminium	206.75	202.50	204.10	205.50	207.10	208.50	210.10	211.50	Positive
Copper	751.70	730.40	738.30	745.00	752.90	759.60	767.50	774.20	Negative
Lead	177.25	174.70	175.60	176.40	177.30	178.10	179.00	179.80	Positive
Nickel	1484.10	1435.60	1455.00	1469.60	1489.00	1503.60	1523.00	1537.60	Negative
Zinc	248.15	242.50	244.30	246.20	248.00	249.90	251.70	253.60	Positive
LME Aluminium	2597.50	2512.33	2547.17	2572.33	2607.17	2632.33	2667.17	2692.33	Positive
LME Copper	9714.00	9412.00	9540.00	9627.00	9755.00	9842.00	9970.00	10057.00	Negative
LME Lead	2379.50	2310.50	2330.50	2355.00	2375.00	2399.50	2419.50	2444.00	Positive
LME Nickel	19570.00	18791.67	19103.33	19336.67	19648.33	19881.67	20193.33	20426.67	Negative
LME Zinc	3031.50	2943.50	2967.50	2999.50	3023.50	3055.50	3079.50	3111.50	Positive

#### Latest News Update

Japan's factory output jumped in June and job availability rose to the highest level in nearly a year, data showed, a sign robust overseas demand was offsetting the drag to consumption from the coronavirus pandemic. But retail sales were largely flat in June from a year earlier, suggesting any recovery in the world's third-largest economy would be slower than other advanced nations. The mixed batch of data comes as Tokyo hosts the Olympic Games amid a rise in coronavirus infections that forced the capital impose state of emergency curbs. The renewed restrictions have dashed policymakers' hopes of a strong rebound in July-September growth after an expected weak economic performance in the previous quarter. Industrial output increased 6.2% in June from the previous month after a sharp 6.5% drop in May, data showed, marking the highest growth since July last year and exceeding a median market forecast for a 5.0% gain.

The U.S. economy contracted at a record average annualized rate of 19.2% from its peak in the fourth quarter of 2019 through the second quarter of 2020, government data showed on Thursday, confirming that the COVID-19 recession was the worst ever. The pace of recovery from the pandemic downturn, the deepest going back to 1947, was equally stunning. The Commerce Department's Bureau of Economic Analysis said gross domestic product rebounded at a historic average rate of 18.3% between the second and fourth quarter of 2020. Mandatory shutdowns of nonessential businesses in March last year to slow the first wave of coronavirus infections left the economy reeling, throwing a record 22.362 million people out of work. The government provided nearly \$6 trillion in pandemic relief, while the Federal Reserve slashed its benchmark overnight interest rate to near zero and is pumping money into the economy through monthly bond purchases. The National Bureau of Economic Research, the arbiter of U.S. recessions, declared last week that the pandemic downturn, which started in February 2020, ended in April 2020.

### MCX GOLD

#### Technical Chart



Open	High	Low	Close	Net Cng
48392.00	48475.00	47960.00	48001.00	-395.00
OI	% OI	Volume	Trend	% Cng
12417.00	0.18	6091.00	Negative	-0.82

#### Fundamentals

Gold yesterday settled down by -0.82% at 48001 with a firmer dollar stalling the precious metal's rally after U.S. Federal Reserve Chair Jerome Powell reassured investors the central bank would remain accommodative for the time being. Federal Reserve Chair Jerome Powell's belief that the U.S. economy has "learned to handle" the coronavirus and won't be swamped in a fresh wave of infections or by rising inflation may get tested in coming weeks as schools reopen, supply chains remain clogged, and federal unemployment benefits wane. Data showed the risk ahead as the country navigates the transition from an economy dependent for the last year on federal government benefits to one where those emergency programs expire and private incomes take over. Physical gold demand was subdued in India as rising prices discouraged retail purchases, while top consumer China saw some safety buying though jewellery sales were dull. Dealers in India offered discounts up to \$4 an ounce over official domestic prices, compared to \$6 discount last week. Global demand for gold rose in the second quarter to its highest quarterly level in a year as central banks and investors stepped up purchases, the World Gold Council (WGC) said. Technically market is under fresh selling as market has witnessed gain in open interest by 0.18% to settled at 12417 while prices down -395 rupees, now Gold is getting support at 47815 and below same could see a test of 47630 levels, and resistance is now likely to be seen at 48330, a move above could see prices testing 48660.

#### Trading Idea for the day

Gold trading range for the day is 47630-48660.

Gold prices edged off a high with a firmer dollar stalling the precious metal's rally

Powell said the U.S. job market still had some ground to cover before the Fed would pull back support.

Gold demand has yet to recover fully from COVID 19, says WGC

### MCX SILVER

#### Technical Chart



Open	High	Low	Close	Net Cng
68100.00	68200.00	67615.00	67847.00	-353.00
OI	% OI	Volume	Trend	% Cng
8315.00	0.11	8815.00	Negative	-0.52

#### Fundamentals

Silver yesterday settled down by -0.52% at 67847 as dollar rose as upbeat economic data helped reverse some of the losses when dovish remarks by the Federal Reserve scuttled a month-long rally in the U.S. currency. The dollar also got a lift after St. Louis Federal Reserve President James Bullard said the Fed should start reducing its \$120 billion in monthly bond purchases this fall and cut them "fairly rapidly" so the program ends in the first months of 2022 to pave the way for a rate increase that year if needed. Data showed U.S. consumer spending rose more than expected in June as COVID-19 vaccinations boosted demand for travel-related services and recreation, even though part of the increase reflected higher prices, with annual inflation accelerating further above the Federal Reserve's 2% target. Fed Chair Jerome Powell said the U.S. job market still had some ground to cover before it would be time to pull back support and that the Fed was "ways away" from considering interest rate hikes. The Commerce Department said real U.S. GDP surged up by 6.5 percent in the second quarter following a 6.3 percent jump in the first quarter. Pending home sales dropped in June and jobless claims pulled back less than expected in the week ended July 24th, offering more evidence that the economic recovery has started to slow. Technically market is under fresh selling as market has witnessed gain in open interest by 0.11% to settled at 8315 while prices down -353 rupees, now Silver is getting support at 67574 and below same could see a test of 67302 levels, and resistance is now likely to be seen at 68159, a move above could see prices testing 68472.

#### Trading Idea for the day

Silver trading range for the day is 67302-68472.

Silver prices dropped as dollar rose as upbeat economic data helped reverse losses from dovish remarks by the Federal Reserve.

Fed Chair Jerome Powell said the U.S. job market still had some ground to cover before it would be time to pull back support.

The dollar also got a lift after Fed's said the Fed should start reducing its \$120 billion in monthly bond purchases this fall

### MCX CRUDEOIL

#### Technical Chart



Open	High	Low	Close	Net Cng
5445.00	5524.00	5430.00	5517.00	70.00
OI	% OI	Volume	Trend	% Cng
8392.00	29.93	38061.00	Positive	1.29

#### Fundamentals

Crude oil yesterday settled up by 1.29% at 5517 on hopes that demand will grow faster than supply despite a resurgence in COVID-19 infections across the globe. U.S. crude production rose 80,000 barrels per day in May to 11.231 million bpd, according to a monthly government report. The Energy Information Administration also revised its estimate of April production by 18,000 bpd to 11.151 mln bpd. Russian Deputy Prime Minister Alexander Novak said that oil consumption is increasing and the decision by the OPEC+ group of leading oil producers to raise combined output by 400,000 barrels per day was "adequate". "Demand is on the rise, consumption is on the rise. Of course, the coronavirus is still there but... there are no such lockdowns as there were before," he told. OPEC oil output rose in July to its highest since April 2020, as the group further eased production curbs under a pact with its allies and top exporter Saudi Arabia phased out a voluntary supply cut. The Organization of the Petroleum Exporting Countries has pumped 26.72 million barrels per day (bpd), the survey found, up 610,000 bpd from June's revised estimate. Output has risen every month since June 2020 apart from in February. OPEC and allies, known as OPEC+, have been unwinding record output cuts agreed in April 2020, as demand and the economy recover. Technically market is under fresh buying as market has witnessed gain in open interest by 29.93% to settled at 8392 while prices up 70 rupees, now Crude oil is getting support at 5456 and below same could see a test of 5396 levels, and resistance is now likely to be seen at 5550, a move above could see prices testing 5584.

#### Trading Idea for the day

Crude oil trading range for the day is 5396-5584.

Crude oil gained on hopes that demand will grow faster than supply despite a resurgence in COVID-19 infections across the globe.

U.S. crude output rose 80,000 bpd in May to 11.231 mln bpd

Russia's Novak says global oil consumption is on the rise

### MCX NATURALGAS

#### Technical Chart



Open	High	Low	Close	Net Cng
299.00	299.90	287.40	290.00	-11.90
OI	% OI	Volume	Trend	% Cng
13166.00	-10.14	189817.00	Negative	-3.94

#### Fundamentals

Nat.Gas yesterday settled down by -3.94% at 290 on forecasts for cooler weather over the next two weeks and lower air conditioning demand than previously expected. However downside seen limited on a smaller-than-expected storage build and forecasts for more air conditioning demand next week than previously expected. The U.S. Energy Information Administration (EIA) forecast utilities added 36 billion cubic feet (bcf) of gas into storage during the week ended July 23. U.S. natural gas prices in 2021 at the Henry Hub benchmark in Louisiana will likely rise to their highest since 2018 as governments ease lockdowns and demand rises faster than producers can restore output shut during the 2020 coronavirus-linked price drop. After collapsing to a 25-year low in 2020, analysts forecast gas prices in 2021 will average \$3.08 per million British thermal units (mmBtu) before slipping to \$2.99 in 2022. In 2020, average prices dropped by 21% to \$2.03 per mmBtu, their lowest since 1995. That compares with a five-year average (2015-19) of \$2.77 and a 10-year average (2010-2019) of \$3.31. Data provider Refinitiv said gas output in the U.S. Lower 48 states has slipped to 91.6 billion cubic feet per day (bcfd) so far in July, due mostly to pipeline problems in West Virginia early in the month. Technically market is under long liquidation as market has witnessed drop in open interest by -10.14% to settled at 13166 while prices down -11.9 rupees, now Natural gas is getting support at 284.9 and below same could see a test of 279.9 levels, and resistance is now likely to be seen at 297.4, a move above could see prices testing 304.9.

#### Trading Idea for the day

Natural gas trading range for the day is 279.9-304.9.

Natural gas dropped on forecasts for cooler weather over the next two weeks and lower air conditioning demand than previously expected.

However downside seen limited on a smaller-than-expected storage build and forecasts for more air conditioning demand next week.

EIA forecast utilities added 36 billion cubic feet (bcf) of gas into storage during the week ended July 23.



### MCX COPPER

#### Technical Chart



Open	High	Low	Close	Net Cng
755.75	760.85	746.20	751.70	-5.85
OI	% OI	Volume	Trend	% Cng
3734.00	-1.48	16214.00	Negative	-0.77

#### Fundamentals

Copper yesterday settled down by -0.77% at 751.7 as China's factory activity likely expanded slightly less quickly in July, as the industrial sector's impressive recovery slowed on high raw material prices, government policies, seasonal rainfalls and rising COVID cases. The official manufacturing Purchasing Manager's Index (PMI) is likely to edge lower to 50.8 in July from 50.9 in June. China will base the pace and intensity of monetary policy on the domestic economy and inflation trends in the second half of the year, the PBOC has said. Stocks of copper in Shanghai bonded areas decreased on increased de-stocking. Data showed that the stocks fell 19,000 mt from the previous week to 409,600 mt as of Friday July 30. Copper stocks fell for three consecutive weeks, with increased de-stocking from the previous week. Domestic consumption was comparatively strong, and de-stocking continued. High premiums of domestic trade benefited imports, and ordered executed last week amid positive import profits finished customs clearance this week, leading to further decreases in stocks in the bonded area. In addition, the wide price spread between Tianjin and Shanghai encouraged delivery from smelters in north China to east China, leading to inventory increase in Jiangsu and decrease in Tianjin. Technically market is under long liquidation as market has witnessed drop in open interest by -1.48% to settled at 3734 while prices down -5.85 rupees, now Copper is getting support at 745 and below same could see a test of 738.3 levels, and resistance is now likely to be seen at 759.6, a move above could see prices testing 767.5.

#### Trading Idea for the day

Copper trading range for the day is 738.3-767.5.

Copper prices dropped as China July factory activity seen growing at a slightly slower pace

China will base the pace and intensity of monetary policy on the domestic economy and inflation trends in the second half of the year, PBOC said.

Copper inventories in domestic mainstream areas decreased on weakened de-stocking.

### MCX ZINC

#### Technical Chart



Open	High	Low	Close	Net Cng
247.45	249.85	246.10	248.15	1.10
OI	% OI	Volume	Trend	% Cng
2195.00	17.57	5743.00	Positive	0.45

#### Fundamentals

Zinc yesterday settled up by 0.45% at 248.15 as the initial yoy and mom growth rate of GDP in Q2 in Eurozone was higher than expected, while June unemployment rate fell short of expectation. In China, the bidding prices of the second release of national reserves were in line with market expectation. US GDP increased at an annual rate of 6.5% in Q2, lower than expected. While the first claims of unemployment benefits last week also fell short of estimation. Zinc inventories in China rose in the week. Data showed that social inventories of zinc ingots across Shanghai, Tianjin, Guangdong, Jiangsu, Zhejiang, Shandong and Hebei increased 100 mt in the week ended July 30 to 116,000 mt. The stocks increased 300 mt from Monday June 26. Stocks in Shanghai continued to rebound as a result of added arrivals and downstream taking in released government reserves; Guangdong saw slightly increased arrivals and purchasing on rigid demand from downstream, therefore stocks added slightly; Stocks in Tianjin shrank further because of disrupted arrivals due to maintenance at some smelters and improved order book amid rally in steel prices. Japan's factory output jumped in June and job availability rose to the highest level in nearly a year, data showed, and a sign robust overseas demand was offsetting the drag to consumption from the coronavirus pandemic. Technically market is under fresh buying as market has witnessed gain in open interest by 17.57% to settled at 2195 while prices up 1.1 rupees, now Zinc is getting support at 246.2 and below same could see a test of 244.3 levels, and resistance is now likely to be seen at 249.9, a move above could see prices testing 251.7.

#### Trading Idea for the day

Zinc trading range for the day is 244.3-251.7.

Zinc prices gained as the initial yoy and mom growth rate of GDP in Q2 in Eurozone was higher than expected

In China, the bidding prices of the second release of national reserves were in line with market expectation.

US GDP increased at an annual rate of 6.5% in Q2, lower than expected.

### MCX NICKEL

#### Technical Chart



Open	High	Low	Close	Net Cng
755.75	760.85	746.20	751.70	-5.85
OI	% OI	Volume	Trend	% Cng
3734.00	-1.48	16214.00	Negative	-0.77

#### Fundamentals

Nickel yesterday settled down by -1.6% at 1484.1 as nickel ore inventories across all Chinese ports increased 167,000 wmt from July 23 to 5.830 million wmt as of July 30. Data also showed that nickel ore stocks across seven major Chinese ports increased 277,000 wmt during the same period to 3.772 million wmt. U.S. consumer spending rose more than expected in June as vaccinations against COVID-19 boosted demand for travel-related services, but part of the increase reflected higher prices, with annual inflation accelerating further above the Federal Reserve's 2% target. U.S. labor costs increased solidly in the second quarter as companies raised wages and benefits to attract workers, supporting views that high inflation could persist beyond this year amid supply constraints. The Employment Cost Index, the broadest measure of labor costs, rose 0.7% last quarter after gaining 0.9% in the January-March period, the Labor Department said. SHEF to LME nickel ratio rallied from low, and once hit 7.55 within the week. Small import opportunities of spot nickel plate in bonded areas emerged, encouraging inflow of spot into domestic market. Deals made by orders still dominated market transactions. Quotation from Russia warehouse receipt remained around 200 USD/mt, Sumitomo reported near 210 USD/mt, and the bonded areas quoted 300 USD/mt of nickel beans. Technically market is under long liquidation as market has witnessed drop in open interest by -28.29% to settled at 2008 while prices down -24.2 rupees, now Nickel is getting support at 1469.6 and below same could see a test of 1455 levels, and resistance is now likely to be seen at 1503.6, a move above could see prices testing 1523.

#### Trading Idea for the day

Nickel trading range for the day is 1455-1523.

Nickel prices dropped as nickel ore inventories across all Chinese ports increased 167,000 wmt to 5.830 million wmt

Data also showed that nickel ore stocks across seven major Chinese ports increased 277,000 wmt during the same period to 3.772 million wmt.

SHEF to LME nickel ratio rallied from low, and once hit 7.55 within the week.

### MCX ALUMINIUM

#### Technical Chart



Open	High	Low	Close	Net Cng
247.45	249.85	246.10	248.15	1.10
OI	% OI	Volume	Trend	% Cng
2195.00	17.57	5743.00	Positive	0.45

#### Fundamentals

Aluminium yesterday settled up by 0.22% at 206.75 as power consumption limits imposed in a major Chinese production province sparked supply concerns. Henan Shenhua Coal & Power Co Ltd said its aluminium subsidiary in the major production hub of Yunnan faced a hit from power consumption limits enforced by local authorities. Output affected by the curbs has totalled 35,000 tonnes so far this year, so the unit will miss its 800,000-tonne production target for 2021, the statement said. Yunnan, with abundant hydropower capacity, has become a hub for energy-intensive metal production, attracting top producers Aluminum of China and Hongqiao Group to move some operations there. U.S. labor costs increased solidly in the second quarter as companies raised wages and benefits to attract workers, supporting views that high inflation could persist beyond this year amid supply constraints. U.S. consumer spending rose more than expected in June as vaccinations against COVID-19 boosted demand for travel-related services, but part of the increase reflected higher prices, with annual inflation accelerating further above the Federal Reserve's 2% target. Federal Reserve Chair Jerome Powell's belief that the U.S. economy has "learned to handle" the coronavirus and won't be swamped in a fresh wave of infections or by rising inflation may get tested in coming weeks as schools reopen, supply chains remain clogged, and federal unemployment benefits wane. Technically market is under fresh buying as market has witnessed gain in open interest by 5.86% to settled at 3159 while prices up 0.45 rupees, now Aluminium is getting support at 205.5 and below same could see a test of 204.1 levels, and resistance is now likely to be seen at 208.5, a move above could see prices testing 210.1.

#### Trading Idea for the day

Aluminium trading range for the day is 204.1-210.1.

Aluminium prices rose as power consumption limits imposed in a major Chinese production province sparked supply concerns.

Yunnan Shenhua to miss 2021 aluminium output targets on power curbs

U.S. labor costs increase solidly in second quarter



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