

# Daily Commodity Analysis Report

Monday, September 13, 2021  
Monday



## COMMODITY MARKET

### MARKET MOVEMENT

Commodity	Unit	Last	% Cng	Weekly	Monthly	YTD	Yearly	50DMA	100DMA	200DMA
Gold	1 Kg	46806.00	-0.40	-1.53	1.80	-6.67	-10.61	SELL	SELL	SELL
Silver	30 Kg	63592.00	-0.88	-2.54	1.50	-6.63	-8.49	SELL	SELL	SELL
\$Gold	100 Tr. Oz	1789.42	0.11	-2.16	3.30	-5.82	-8.84	SELL	SELL	SELL
\$ Silver	5000 Tr. Oz	23.74	0.06	-4.01	1.71	-9.87	-13.23	SELL	SELL	SELL
Crude	100 BBL	5127.00	2.62	1.27	0.29	45.49	46.07	SELL	BUY	BUY
Nat.Gas	1250 mmBtu	365.10	-1.19	6.41	16.76	100.49	52.53	BUY	BUY	BUY
\$ Crude	1,000 Barrels	69.72	2.32	0.10	1.84	43.93	46.95	SELL	BUY	BUY
\$ Nat. Gas	10000 mmBtu	4.94	-1.85	6.41	16.76	100.49	52.53	BUY	BUY	BUY
Aluminium	5MT	230.95	3.01	7.08	10.31	63.50	37.28	BUY	BUY	BUY
Copper	2500Kg	741.15	3.34	3.35	0.94	24.63	29.99	BUY	BUY	BUY
Lead	5MT	188.50	0.88	3.26	4.69	21.85	22.20	BUY	BUY	BUY
Nickel	1500Kg	1540.50	1.22	4.12	6.27	27.08	29.13	BUY	BUY	BUY
Zinc	5MT	255.10	1.15	3.90	2.57	39.13	26.54	BUY	BUY	BUY
LME Alum	25 Tonnes	2965.50	1.3	6.64	11.67	47.82	39.27	BUY	BUY	BUY
LME Copp	25,000 Lbs.	9647.00	-0.42	2.25	1.81	24.94	31.53	BUY	BUY	BUY
LME Lead	5 Tonnes	2304.50	0.07	0.33	0.28	15.82	18.63	SELL	SELL	SELL
LME Nickel	250 Kg	20245.00	-0.71	2.53	7.38	23.05	27.39	BUY	BUY	BUY
LME Zinc	5 Tonnes	3092.50	-0.5	3.51	3.47	13.06	22.86	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, September 13, 2021



**SMIFS  
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### Currency Snapshot

Currency	Last	% Cng	
USDINR	73.67	-0.01	▼
EURINR	87.18	0.06	▲
GBPINR	101.78	0.27	▲
JPYINR	67.04	0.27	▲
EURUSD	1.1804	-0.06	▼
GBPUSD	1.3833	0.02	▲
USDJPY	109.92	0.03	▲
Dollar Index	92.67	0.17	▲

### Indices Snapshot

Indices	Last	Change	
NIFTY	17369.25	0.09	▲
SENSEX	58305.07	0.09	▲
HANGSENG	26166.38	1.75	▲
NIKKEI	30381.84	1.25	▲
STRAITS	3100.61	0.94	▲
CAC 40	6699.39	0.22	▲
DAX	15680.42	0.37	▲
DJIA	34879.38	-0.43	▼
NASDAQ	15248.25	-0.25	▼
JAKARTA	6092.78	0.40	▲
KOSPI	3125.76	0.36	▲

### LME Stock Snapshot

Commodity	Stock	Cng
LME Aluminium	1317725	-7500
LME Copper	233950	
LME Lead	52300	-25
LME Nickel	179394	-1974
LME Zinc	226900	-2350

### Economical Data

Time	Currency	Data	Fcst	Prev
11:30am	EUR	German WPI m/m	0.008	0.011
1:30pm	EUR	Italian Quarterly Unemployment Rate	0.101	0.104
11:30pm	USD	Federal Budget Balance	-260.5B	-302.1B

### Open Interest Snapshot

Commodity	Last	OI	% Cng	Status
Gold	46806.00	9956	-0.15	Long Liquidation
Silver	63592.00	10762	10.93	Fresh Selling
Crude	5127.00	5396	18.72	Fresh Buying
Nat.Gas	365.10	11652	-8.8	Long Liquidation
Aluminium	230.95	2591	-1.3	Short Covering
Copper	741.15	3738	-7.52	Short Covering
Lead	188.50	1515	-7.57	Short Covering
Nickel	1540.50	2397	1.1	Fresh Buying
Zinc	255.10	1355	3.59	Fresh Buying

### Calendar Spreads Snapshot

Commodity	Near Month	Next Month	Spread	P. Spread	Change
Gold	46806.00	47005.00	199.00	189.00	10.00
Silver	63592.00	64454.00	862.00	749.00	113.00
Crude	5127.00	5124.00	-3.00	5.00	-8.00
Nat.Gas	365.10	368.00	2.90	3.80	-0.90
Aluminium	230.95	229.85	-1.10	-1.25	0.15
Copper	741.15	740.05	-1.10	-0.80	-0.30
Lead	188.50	186.45	-2.05	-2.35	0.30
Nickel	1540.50	1524.50	-16.00	-15.40	-0.60
Zinc	255.10	252.30	-2.80	-2.90	0.10

### Commodity Ratio Snapshot

Commodity	Annual			
	Close	Max	Min	Avg
Gold / Silver Ratio	73.60	100.90	65.55	76.43
Gold / Crude Ratio	9.13	19.58	8.37	13.15
Gold / Copper Ratio	63.15	112.33	59.19	81.99
Silver / Crude Ratio	12.40	25.03	12.18	17.05
Silver / Copper Ratio	85.80	147.81	84.90	106.70
Zinc / Lead Ratio	135.33	141.74	111.81	131.40
Crude / Nat.Gas Ratio	14.04	25.87	10.60	19.56

#### Commodity Market Daily Trading Levels

Commodity	Close	Support 3	Support 2	Support 1	Pivot Point	Resist 1	Resist 2	Resist 3	Trend
Gold	46806.00	46475.00	46613.00	46710.00	46848.00	46945.00	47083.00	47180.00	Negative
Silver	63592.00	62585.00	63032.00	63312.00	63759.00	64039.00	64486.00	64766.00	Negative
\$ Gold	1787.42	1778.30	1780.90	1785.20	1787.80	1792.10	1794.70	1799.00	Negative
\$ Silver	23.73	23.50	23.60	23.60	23.70	23.70	23.80	23.80	Negative
Crude oil	5127.00	5045.00	5066.00	5096.00	5117.00	5147.00	5168.00	5198.00	Positive
Natural Gas	365.10	345.90	353.70	359.40	367.20	372.90	380.70	386.40	Negative
\$ Crude oil	69.72	68.25	68.55	69.14	69.44	70.03	70.33	70.92	Positive
\$ Natural Gas	4.9380	4.7363	4.8247	4.8813	4.9697	5.0263	5.1147	5.1713	Negative
Aluminium	230.95	223.80	225.30	228.10	229.60	232.40	233.90	236.70	Positive
Copper	741.15	701.70	710.60	725.90	734.80	750.10	759.00	774.30	Positive
Lead	188.50	186.60	187.30	187.90	188.60	189.20	189.90	190.50	Positive
Nickel	1540.50	1504.00	1517.00	1528.70	1541.70	1553.40	1566.40	1578.10	Positive
Zinc	255.10	249.60	251.30	253.30	255.00	257.00	258.70	260.70	Positive
LME Aluminium	2927.50	2756.50	2794.50	2861.00	2899.00	2965.50	3003.50	3070.00	Positive
LME Copper	9687.50	9080.17	9221.83	9454.67	9596.33	9829.17	9970.83	10203.67	Positive
LME Lead	2303.00	2251.17	2270.33	2286.67	2305.83	2322.17	2341.33	2357.67	Positive
LME Nickel	20390.00	19461.67	19773.33	20081.67	20393.33	20701.67	21013.33	21321.67	Positive
LME Zinc	3108.00	2995.67	3028.33	3068.17	3100.83	3140.67	3173.33	3213.17	Positive

#### Latest News Update

The U.S. economy "downshifted slightly" in August as the renewed surge of the coronavirus hit dining, travel and tourism, the Federal Reserve reported, but the economy overall remained in the throes of a post-pandemic rush of rising prices, labor shortages and stilted hiring. "The deceleration in economic activity was largely attributable to a pullback in dining out, travel, and tourism in most Districts, reflecting safety concerns due to the rise of the Delta variant, and, in a few cases, international travel restrictions," the Fed reported in its latest Beige Book compendium of anecdotal information about the economy. Still the document, summing up information collected through Aug. 30 that will be part of the deliberations at the Fed's Sept. 21-22 policy meeting, reported continued strong demand for workers and hiring made more difficult by "increased turnover, early retirements, childcare needs, challenges in negotiating job offers, and enhanced unemployment benefits. Some Districts noted that return-to-work schedules were pushed back due to the increase in the Delta variant."

China's factory gate inflation hit a 13-year high in August, as commodity prices remained elevated despite Beijing's attempts to cool them. The producer price index (PPI) rose 9.5% from a year earlier in August, the National Bureau of Statistics (NBS) said on Thursday, faster than the 9.0% increase tipped and the 9.0% reported in July. That was the fastest pace since August 2008. China's economy has recovered strongly from last year's coronavirus slump but has been losing steam recently due to domestic COVID-19 outbreaks, high raw material prices, tighter property curbs and a campaign to reduce carbon emissions. Commodity prices have been on a tear in recent months, hurting the bottom lines of many mid- and downstream factories. China's coal prices soared to a record high over supply concerns as major coal regions started fresh rounds of safety checks. A separate NBS statement showed that the consumer price index (CPI) in August rose 0.8% from a year earlier, compared with a 1.0% gain in a Reuters poll and below the government target of around 3% this year.

### MCX GOLD

#### Technical Chart



Open	High	Low	Close	Net Cng
46900.00	46986.00	46751.00	46806.00	-188.00
OI	% OI	Volume	Trend	% Cng
9956.00	-0.15	2449.00	Negative	-0.40

#### Fundamentals

Gold yesterday settled down by -0.4% at 46806 amid uncertainty over the U.S. Federal Reserve's next moves on unwinding its economic support measures. Gold investors closely follow cues from the Fed, since non-yielding bullion tends to gain when interest rates are low, while some consider bullion a hedge against higher inflation fuelled by massive stimulus. And the signals were mixed, with a recent Fed report showing the U.S. economy "downshifted slightly" in August. But a number of Fed officials said the August slowdown in job growth would not throw off plans to reduce asset purchases this year. Physical gold demand in India was subdued despite a correction in bullion prices, while consumers in most other Asian hubs also stayed on the sidelines as they hoped for a clearer trend in global prices. India's gold premiums over official domestic prices inclusive of the 10.75% import and 3% sales levies unchanged at \$2 an ounce. Gold-backed exchange traded funds (ETF) experienced net outflows in August of 22.4 tonnes, as North American outflows outweighed inflows into European and Asian funds, the World Gold Council (WGC) said. In a report, the WGC said that gold faced headwinds early in August as the dollar briefly strengthened and rising Treasury yields weighed on investment flows, triggering momentum selling shortly thereafter. Technically market is under long liquidation as market has witnessed drop in open interest by -0.15% to settled at 9956 while prices down -188 rupees, now Gold is getting support at 46710 and below same could see a test of 46613 levels, and resistance is now likely to be seen at 46945, a move above could see prices testing 47083.

#### Trading Idea for the day

Gold trading range for the day is 46613-47083.  
Gold prices remained in tight range amid uncertainty over the U.S. Federal Reserve's next moves on unwinding its economic support measures.  
Gold investors closely follow cues from the Fed, while some consider bullion a hedge against higher inflation fuelled by massive stimulus.  
Physical gold demand in India was subdued despite a correction in bullion prices, while consumers in most other Asian hubs also stayed on the sidelines

### MCX SILVER

#### Technical Chart



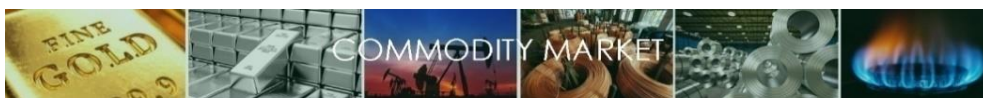
Open	High	Low	Close	Net Cng
63992.00	64206.00	63479.00	63592.00	-566.00
OI	% OI	Volume	Trend	% Cng
10762.00	10.93	6625.00	Negative	-0.88

#### Fundamentals

Silver yesterday settled down by -0.88% at 63592 as the dollar remains steady with investors weighing possibilities of tapering of bond-buying program by the Federal Reserve. Data from the Labor Department showed a bigger than expected decrease in first-time claims for U.S. unemployment benefits in the week ended September 4th. The report said initial jobless claims fell to 310,000, a decrease of 35,000 from the previous week's revised level of 345,000. The European Central Bank left its interest rates unchanged and said it would slow the pace of asset purchases under its pandemic emergency purchase program. Cleveland Federal Reserve Bank President Loretta Mester said that she would still like the central bank to begin tapering asset purchases this year, joining the chorus of policymakers making it clear that their plans to begin scaling back support were not derailed by weaker jobs growth in August. "I don't think the August employment report has changed my view that we've made substantial further progress" on both inflation and employment, Mester told. The Fed's policy-setting committee will have to decide on the best way to move forward and there may be different views on what the "precise timing" of the taper should be, Mester said. Technically market is under fresh selling as market has witnessed gain in open interest by 10.93% to settled at 10762 while prices down -566 rupees, now Silver is getting support at 63312 and below same could see a test of 63032 levels, and resistance is now likely to be seen at 64039, a move above could see prices testing 64486.

#### Trading Idea for the day

Silver trading range for the day is 63032-64486.  
Silver seen some pressure as the dollar remains steady with investors weighing possibilities of tapering of bond-buying program by the Federal Reserve.  
ECB left its interest rates unchanged and said it would slow the pace of asset purchases under its pandemic emergency purchase program.  
Fed's Mester says she would still like to begin taper this year



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## MCX CRUDEOIL

## Technical Chart



Open	High	Low	Close	Net Cng
5096.00	5138.00	5087.00	5127.00	131.00
OI	% OI	Volume	Trend	% Cng
5396.00	18.72	29349.00	Positive	2.62

## Fundamentals

Crude oil yesterday settled up by 2.62% at 5127 supported by growing signs of supply tightness in the United States as a result of Hurricane Ida and as U.S.-China trade hopes gave riskier assets a boost. About three-quarters of the U.S. Gulf's offshore oil production, or about 1.4 million barrels per day, has remained halted since late August. China's state reserves administration said it would release crude oil reserves to the market via public auction to ease the pressure of high feedstock costs on domestic refiners. The release, described as a first, will be made in phases and is mainly for integrated refining and chemical plants, the National Food and Strategic Reserves Administration said in a statement. More than three-quarters of the U.S. Gulf of Mexico's offshore oil and natural gas output remained shut as the fallout from Hurricane Ida continued to hamper production. Some 1.4 million barrels per day (bpd) of crude production and over 1.72 billion cubic feet per day of natural gas output were shut-in. Two weeks of losses in U.S. offshore energy production spiraled, with prolonged outages from Hurricane Ida leading to oil contract cancellations around the globe. Three-quarters of U.S. Gulf of Mexico oil production remained offline, according to government data, as repair efforts dragged on. Technically market is under fresh buying as market has witnessed gain in open interest by 18.72% to settled at 5396 while prices up 131 rupees, now Crude oil is getting support at 5096 and below same could see a test of 5066 levels, and resistance is now likely to be seen at 5147, a move above could see prices testing 5168.

### Trading Idea for the day

Crude oil trading range for the day is 5066-5168.

Crude oil rose supported by growing signs of supply tightness in US as a result of Hurricane Ida and as U.S.-China trade hopes gave riskier assets a boost.

OPEC will likely revise lower its 2022 oil demand growth forecast on Monday

## China to auction off state oil reserves to help refiners

**MCX NATURALGAS**

### Technical Chart



Open	High	Low	Close	Net Cng
368.30	375.00	361.50	365.10	-4.40
OI	% OI	Volume	Trend	% Cng
11652.00	-8.80	59942.00	Negative	-1.19

## Fundamentals

Nat.Gas yesterday settled down by -1.19% at 365.1 on forecasts for demand to ease in a couple weeks as the weather starts to turn seasonally cooler. Traders, however, noted prices remained elevated because the weather was still expected to stay hotter than normal through late September, U.S. and European gas storage was lower than usual going into the winter heating season when demand for the fuel peaks, and gas prices around the world were at or near record levels, keeping demand for U.S. exports high. In addition, U.S. production remains slow to recover after Hurricane Ida battered the Gulf Coast. U.S. gas futures have surged more than 25% since late August when Ida entered the Gulf of Mexico. Strong gains in the October contract over the past few weeks have cut the November futures premium over October to its lowest since April 2020. Data provider Refinitiv said gas output in the U.S. Lower 48 states fell to an average of 89.7 billion cubic feet per day (bcfd) so far in September from 92.0 bcfd in August due mostly to Ida-related losses along the Gulf Coast. That compares with a monthly record of 95.4 bcfd in November 2019. Technically market is under long liquidation as market has witnessed drop in open interest by -8.8% to settled at 11652 while prices down -4.4 rupees, now Natural gas is getting support at 359.4 and below same could see a test of 353.7 levels, and resistance is now likely to be seen at 372.9, a move above could see prices testing 380.7.

### Trading Idea for the day

Natural gas trading range for the day is 353.7-380.7.

Natural gas slipped on forecasts for demand to ease in a couple weeks as the weather starts to turn seasonally cooler.

Traders, however, noted prices remained elevated because the weather was still expected to stay hotter than normal through late September.

U.S. and European gas storage was lower than usual going into the winter heating season when demand for the fuel peaks



### MCX COPPER

#### Technical Chart



Open	High	Low	Close	Net Cng
719.50	743.75	719.50	741.15	23.95
OI	% OI	Volume	Trend	% Cng
3738.00	-7.52	10533.00	Positive	3.34

#### Fundamentals

Copper yesterday settled up by 3.34% at 741.15 as Shanghai copper stocks fell 10.7% from the previous week, sinking to their lowest level in almost 10 years as tight supplies push metal prices higher. Deliverable copper stocks in warehouses monitored by the Shanghai Futures Exchange now stand at 61,838 tonnes, the lowest since December 2011, Refinitiv Eikon data show. China's major copper smelters lifted August refined cathode output by 2.7% from the prior month, incentivised by higher treatment charges and rising prices for byproduct sulphuric acid. September cathode production rising to around 780,000 tonnes despite more maintenance this month as treatment charges, a key source of smelter revenue, hover near 16-month highs above \$60 a tonne. Data showed imports of unwrought copper and products into China, the world's top copper consumer, were 394,017 tonnes in August, down 7% from July and down 41% year-on-year. Also, China's factory activity contracted in August for the first time in nearly 1-1/2 years as COVID-19 mostly due to containment measures to curb rising cases of the Delta strain, supply bottlenecks, and high raw materials cost. Meanwhile, Chile's state-owned Codelco, the world's largest copper producer, said last week it has reached an early collective bargaining agreement with the five unions representing workers at its key El Teniente mine. Technically market is under short covering as market has witnessed drop in open interest by -7.52% to settled at 3738 while prices up 23.95 rupees, now Copper is getting support at 725.9 and below same could see a test of 710.6 levels, and resistance is now likely to be seen at 750.1, a move above could see prices testing 759.

#### Trading Idea for the day

Copper trading range for the day is 710.6-759.

Copper prices rallied as Shanghai copper stocks fell 10.7% from the previous week, sinking to their lowest level in almost 10 years as tight supplies push metal prices higher.

Chinese smelters raise August copper output month – on – month

Imports of unwrought copper and products into China, were 394,017 tonnes in August, down 7% from July and down 41% year-on-year.

### MCX ZINC

#### Technical Chart



Open	High	Low	Close	Net Cng
253.00	256.75	253.00	255.10	2.90
OI	% OI	Volume	Trend	% Cng
1355.00	3.59	3299.00	Positive	1.15

#### Fundamentals

Zinc yesterday settled up by 1.15% at 255.1 as support seen after China PPI index was better than expected due to rising commodity prices and right raw material supply. Zinc output in September is likely to add 11,800 mt from the previous month. Supply was sufficient, and is likely to surpass demand, when taking into consideration the 50,000 mt of released national reserves. China's factory gate inflation hit a 13-year high in August, as commodity prices remained elevated despite Beijing's attempts to cool them. The producer price index (PPI) rose 9.5% from a year earlier in August, the National Bureau of Statistics (NBS) said, faster than the 9.0% increase tipped and the 9.0% reported in July. That was the fastest pace since August 2008. China's economy has recovered strongly from last year's coronavirus slump but has been losing steam recently due to domestic COVID-19 outbreaks, high raw material prices, tighter property curbs and a campaign to reduce carbon emissions. Total zinc inventories across seven Chinese markets stood at 119,600 mt as of September 10, down 2,500 mt from September 6 and 4,000 mt from September 3. Shanghai saw a balance between supply and demand as arrivals of cargoes increased and downstream plants properly restocked goods. Technically market is under fresh buying as market has witnessed gain in open interest by 3.59% to settled at 1355 while prices up 2.9 rupees, now Zinc is getting support at 253.3 and below same could see a test of 251.3 levels, and resistance is now likely to be seen at 257, a move above could see prices testing 258.7.

#### Trading Idea for the day

Zinc trading range for the day is 251.3-258.7.

Zinc prices rose as support seen after China PPI index was better than expected due to rising commodity prices and right raw material supply.

Zinc output in September is likely to add 11,800 mt from the previous month.

Total zinc inventories across seven Chinese markets stood at 119,600 mt, down 2,500 mt from September 6 and 4,000 mt from September 3.

#### MCX NICKEL

##### Technical Chart



Open	High	Low	Close	Net Cng
719.50	743.75	719.50	741.15	23.95
OI	% OI	Volume	Trend	% Cng
3738.00	-7.52	10533.00	Positive	3.34

##### Fundamentals

Nickel yesterday settled up by 1.22% at 1540.5 as Shanghai prices jumped to a record high and surpassed a seven-year high in London, boosted by robust demand and dwindling inventories. ShFE nickel inventories were last at 5,950 tonnes, hovering near a record low of 4,455 tonnes hit in August, while LME nickel stocks fell to their lowest since January 2020 at 181,368 tonnes. Prices also rose supported by strong demand from industrial sector and electric vehicle battery makers, amid tight supply. China's sales of new energy vehicles more than doubled in July, including battery-powered electric vehicles, plug-in petrol-electric hybrids and hydrogen fuel-cell vehicles. Shfe nickel inventories jumped by almost half to their highest since April 16 this year, although they remain at just 8,608 tonnes. China's refined nickel output in August rose 7.6% from the previous month as top producer Jinchuan Group ramped up supply after maintenance. Refined nickel output was 13,317 tonnes last month, which was nonetheless down 7.1% year-on-year as Jilin Jien Nickel became the latest smelter to stop making nickel cathodes and focus on battery material nickel sulphate. Output of stainless steel raw material nickel pig iron (NPI) was 40,700 tonnes on a metal content basis in August, up 0.6% month-on-month but down 3.3% year-on-year. Technically market is under fresh buying as market has witnessed gain in open interest by 1.1% to settled at 2397 while prices up 18.5 rupees, now Nickel is getting support at 1528.7 and below same could see a test of 1517 levels, and resistance is now likely to be seen at 1553.4, a move above could see prices testing 1566.4.

##### Trading Idea for the day

Nickel trading range for the day is 1517-1566.4.

Nickel rallied as Shanghai prices jumped to a record high and surpassed a seven-year high in London, boosted by robust demand and dwindling inventories.

Prices also rose supported by strong demand from industrial sector and electric vehicle battery makers, amid tight supply.

ShFE nickel inventories were last at 5,950 tonnes, hovering near a record low of 4,455 tonnes hit in August

#### MCX ALUMINIUM

##### Technical Chart



Open	High	Low	Close	Net Cng
253.00	256.75	253.00	255.10	2.90
OI	% OI	Volume	Trend	% Cng
1355.00	3.59	3299.00	Positive	1.15

##### Fundamentals

Aluminium yesterday settled up by 3.01% at 230.95 on supply worries in top consumer China and fears of disruptions from major bauxite producer Guinea. Output curbs in China, the world's biggest aluminium producer, have weighed on stockpile availability, while political turmoil in Guinea, China's top provider of bauxite, added to the nervousness. The aluminum prices have already surged more than 40% this year as a rise in demand due to massive global stimulus measures came on the top production cuts in China and shipping disruptions. In the last few months, output in China shrank due to disruptions caused by floods and as the country suppressed smelting to reduce pollution and meet green targets. Meanwhile, in India, the second-biggest producer of energy-intensive metal, inadequate coal supply threatens local production. Also, containers used to move industrial metals from Asia to the US and Europe are in short supply putting additional pressure on prices. China's factory gate inflation hit a 13-year high in August, as commodity prices remained elevated despite Beijing's attempts to cool them. The producer price index (PPI) rose 9.5% from a year earlier in August, the National Bureau of Statistics (NBS) said, faster than the 9.0% increase tipped and the 9.0% reported in July. Technically market is under short covering as market has witnessed drop in open interest by -1.3% to settled at 2591 while prices up 6.75 rupees, now Aluminium is getting support at 228.1 and below same could see a test of 225.3 levels, and resistance is now likely to be seen at 232.4, a move above could see prices testing 233.9.

##### Trading Idea for the day

Aluminium trading range for the day is 225.3-233.9.

Aluminium prices rose on supply worries in China and Guinea.

Output curbs in China, have weighed on stockpile availability, while political turmoil in Guinea, added to the nervousness.

China's factory prices rise at fastest pace since August 2008



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