

---

Aluminium to trade negative  
Natural Gas to continue bearish trend

---

---

## ALUMINIUM TO TRADE NEGATIVE

---

- Aluminium prices drifted lower from the recent high of \$2276.50 per mt and currently trading near \$2232 per mt on the backdrop of tit-for-tat sanctions between China and the West and new coronavirus lockdown in Germany and France.
- Recent sanction has created geopolitical tension and likely to reduce metals demand if there is more acceleration from both ends. The United States, the European Union, Britain, and Canada imposed sanctions on Chinese officials for human rights abuses in Xinjiang and Beijing reciprocate same immediately by putting measures against the European Union.
- New coronavirus lockdowns in Europe have also reduced hope for faster economic recovery in the region. Germany and France are extending restrictions to prevent the rapid spread of the deadly coronavirus.
- Aluminium prices plunged, hitting a daily decline limit on Monday in SHFE, as traders sold futures contracts following speculation of China's plans. China is believed to be considering selling about 500,000 metric tons of Aluminium from state reserves to cool the market and meet the emissions objectives. Aluminium production is projected to drop as China is committed to limit energy usage to become a carbon-neutral economy by 2060.
- SHFE warehouse inventory report suggests that Aluminium stock has increased by 51,086mt in the last 30 days and now stands at 1,59,225mt as of 24 March 2021. Also, LME Aluminium stock has increased by 6, 08,850mt in the last 30 days and now stands at 19,46,550mt as of 24 March 2021.
- However, Aluminium prices are likely to find support from strong global manufacturing PMI numbers. The Eurozone Mar Markit manufacturing PMI unexpectedly rose +4.5 to 62.4, stronger than expectations of a decline to 57.6 also, the Japan Mar Jibun Bank manufacturing PMI rose +0.6 to 52.0, the fastest pace of expansion in 2-1/4 years. Albeit the U.S. Mar Markit manufacturing, PMI rose +0.4 to 59.0, against expectations of 59.5

### Outlook

- Aluminium price is facing stiff resistance near the recent high of 2276.50 and likely to trade below this level on the backdrop of new covid lockdown which will limit metals demand along with sanction on China is negative for metals prices. It may find immediate support around 50 days EMA at \$2128 and 100 days EMA at \$2043

---

## NATURAL GAS TO CONTINUE BEARISH TREND IF PRICES BREAK BELOW THE KEY SUPPORT LEVEL OF \$2.422

---

- Natural Gas prices are trading in the range of \$2.422 - \$2.592 from the last eight trading session on the backdrop of mixed signals. Strong export demand, low production and demand from electricity production is supporting the prices but weakening heating demand due to normal temperature forecast is limiting the gains.
- Weather forecasting agency Maxar on Wednesday is projecting below-normal temperatures for the Central, South, and eastern U.S. from March 29-April 2. Also, as per Bloomberg data, US natural gas demand on Wednesday fell by 17% y/y to 63.6 bcf.
- However, Natural Gas prices found support from export demand, demand from electricity production and lower US domestic production. As per Bloomberg data, Gas flows to U.S LNG export terminals on Wednesday rose +23% y/y to 11.4 bcf. US gas production on Wednesday fell - 2.6% y/y to 90.718 bcf/d
- Natural Gas prices are likely to get fresh direction from the weekly inventory report which will be released later today. The market expects inventories to fall by 21 bcf, a smaller draw than the 5-year average for this time of year by 51 bcf. Last Thursday's weekly EIA report indicates that inventories in the week of March 12 fell by 11 bcf to a 1-3/4 year low of 1,782 bcf, against expectations of a drop of 18 bcf. At present Natural Gas Inventories are 5.0% below the 5-year average.

### Outlook

- Natural Gas prices are trading in the \$2.422 - \$2.592 may continue bearish trend if prices break below the key support level of \$2.422, it may find next support level around \$2.364 and \$2.306. Natural Gas prices are likely to face stiff resistance near 20 days EMA at \$2.630 and 50 days EMA at 2.702

---

## DISCLOSURE & DISCLAIMER: ABANS BROKING SERVICES PVT. LTD. (ABSPL)

---

Prepared by:

Mr. Kamlesh Jogi | Market Research Analyst

email: [kamlesh.jogi@abans.co.in](mailto:kamlesh.jogi@abans.co.in)

Phone: +91 22 68354176 (Direct)

Abans Broking Services (P) Limited

36, 37, 38A, 3rd Floor, 227 Nariman Bhavan, Backbay Reclamation, Nariman Point, Mumbai-400 021

Phone +91 22 61790000 | Fax +91 22 61790000

Email: [info@abans.co.in](mailto:info@abans.co.in) | Website: [www.abans.co.in](http://www.abans.co.in)

---

### Membership Details:

MCX Member ID: 40385 / SEBI Reg. No. INZ000032733;

NCDEX: Member ID F00681 / SEBI Reg. No. INZ000032733

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). ABans Broking Services Pvt. Ltd. (ABSPL) is a SEBI Registered Research Analyst having registration no. INH000006369. ABSPL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock Broking services. ABSPL is a subsidiary company of ABans Finance Pvt. Ltd. (AFPL). AFPL is an NBFC, registered with the RBI, in the category of non-acceptance of public deposits.

One of the group companies of ABSPL is ABans Securities Pvt. Ltd. (ASPL) which is a SEBI registered member with NSE, BSE and MSE stock exchanges. ASPL is also a Depository Participant of CDSL. ABans Commodities Pvt. Ltd. (ACIPL) is another group entity which is also a registered member with MCX in the Commodity segment. Further details are available on the group website [www.abans.co.in](http://www.abans.co.in) Mandatory Disclosures as per the Regulations:

- ▲ Ownership & Material conflicts of interest –
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative has any financial interest in the subject company and the nature of such financial interest – No
  - ▲ Whether the Research Analyst or ABSPL, or its associates or relatives, have actual/beneficial ownership of 1% or more securities of the subject company, at the end of the month immediately preceding the date of publication of this research report or date of the public appearance – No
  - ▲ Whether the Research Analyst or ABSPL, or his associate or his relative, has any other material conflict of interest at the time of publication of this research report or at the time of public appearance – No
- ▲ Receipt of Compensation –
  - ▲ Whether ABSPL, or its associates have received any compensation from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months – No
  - ▲ Whether ABSPL, or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report – No
- ▲ Whether the Research Analyst has served as an officer, director or employee of the subject company – No
- ▲ Whether the Research Analyst or ABSPL has been engaged in market making activity for the subject company – No
- ▲ Other material disclosures, if any

### Disclaimer:

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Neither ABans Broking Pvt. Ltd. (ABSPL), nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. The document is not, and should not be construed as an offer to sell or solicitation to buy any securities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from "ABans Broking Services Private Limited". Your feedback is appreciated on [compliance@abans.co.in](mailto:compliance@abans.co.in)