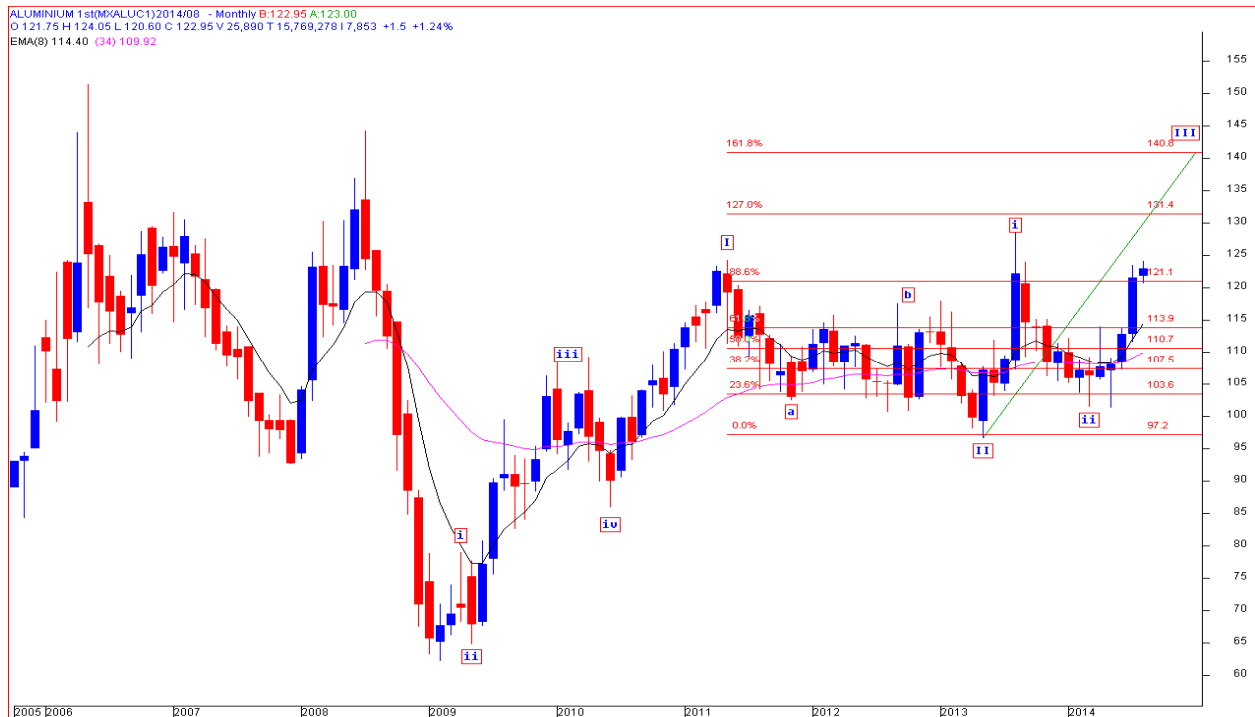


## ALUMINIUM: METAL OF GOOD TIMES

After months of correction, Aluminium prices got back on track in the second quarter of last year and hit multiple years' high of Rs.130.00 in August-2013, still way behind from an all time high of Rs.151.00. Prices retraced back but found a quick support in May this year and are now approaching last year's peak.



At Indian commodity bourses Aluminium was viewed as a low volume commodity over the years but much has changed in recent times, both technically & fundamentally. If viewed from Elliott wave perspective, aluminium has successfully debuted in very impulsive 3<sup>rd</sup> wave on higher time frame-monthly & weekly chart. The current impulsive rally's first leg began in early 2009 from the bottom of Rs.62.20 and completed in May 2011, thus bringing an end to the primary bearish trend. For next two years, prices went into 2<sup>nd</sup> wave correction and then got into the electrifying 3<sup>rd</sup> wave from May 2013. Considering the time spent in transforming into bullish primary trend, the current third wave structure is looking solid and long lasting. Volumes have obviously improved at Indian bourses to a remarkable level and are likely to get much support in days to come. Momentum indicators are enjoying the current rise and are looking well set to display a fair picture. Fundamentally, demand from automobile industry in US, Europe & Japan is very strong and looking at the technological transformation in car making, aluminium is surely going to get much share than its siblings due to its core characteristics. Producers in different parts of the world are cutting down production to battle rising costs. Also a ban from Indonesia on bauxite export is indicating that the metal is heading towards deficit. **Buy MCX August contract at cmp Rs.122.50 & accumulate on dips to Rs.119.00-117.00 levels for targets in the range of Rs.134.00-139.00. Maintain stop loss below Rs.116.00.**