

## Techno Funda Picks: Metal Thematic 3

# Decade long breakout in aluminium prices augurs well for structural uptrend ...

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# Metal Thematic 3: Decade long breakout in aluminium prices augurs well for structural uptrend...

- In this report, we are focusing on the metal sector, where aluminium related stocks continue to outperform while maintaining their steady up trend
- The Nifty Metal Index is seen rebounding after a higher base formation in the vicinity of 100 days EMA, highlighting robust price structure. Hence, it offers a fresh entry opportunity to ride the next leg of the up move
- On the back of healthy demand from key user industries coupled with constrained supply, global aluminium prices are trading at a healthy level of ~US\$3321/tonne (as on Feb 23, 2022), a 13 – year high. In the current calendar year itself (from January 1-February 23, 2022), aluminium prices have increased ~18%. In addition to healthy demand, uptick in aluminium prices is also supported by the recent Russia and Ukraine conflict. Russia accounts for ~6% of global primary aluminium production and is also one of the major exporters of aluminium

## Top Picks

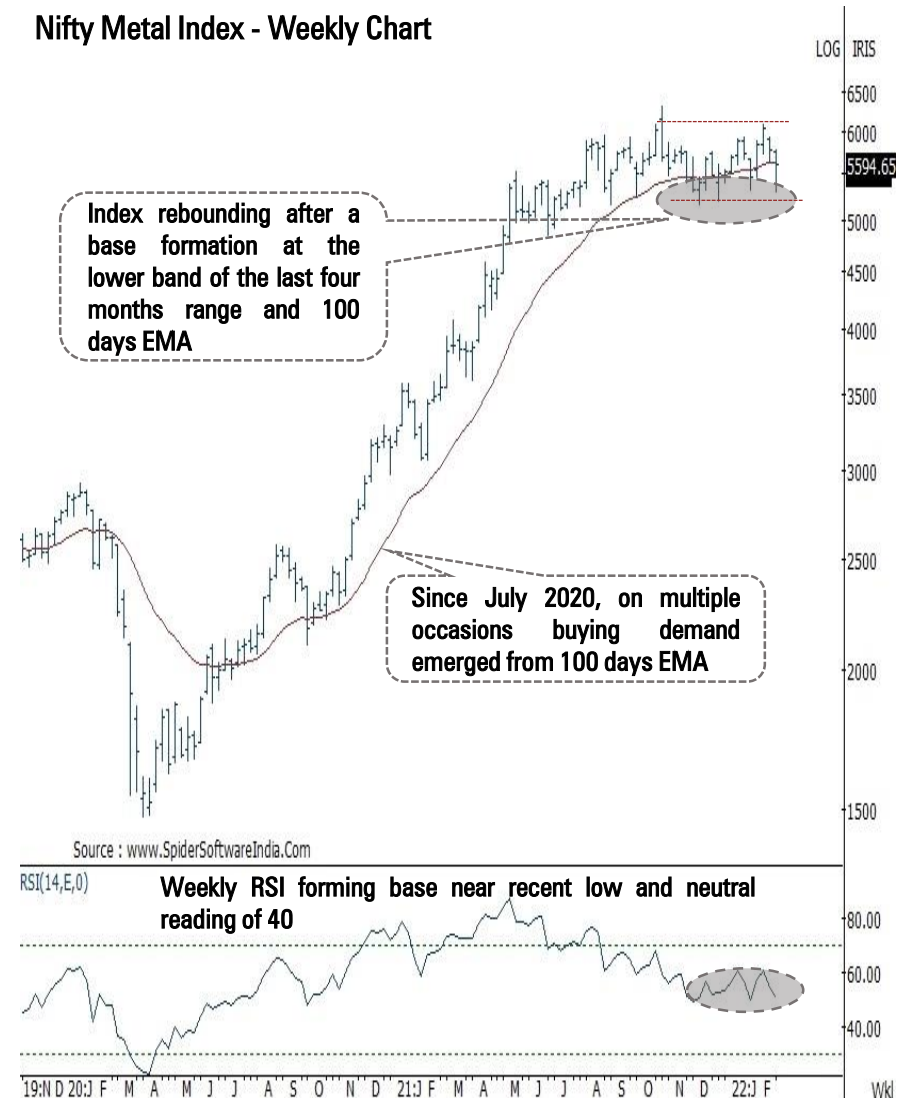
Time frame: Three months

Scrip Name	Buying Range	Target	Upside (%)	Market Cap (Cr)
National Aluminium	111-117	134	16	22113

Source: Spidersoftware, ICICI Direct Research

February 28, 2022

### Nifty Metal Index - Weekly Chart



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# Stock Picks

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# National Aluminium (NATALU): Structural turnaround.....

Rec. Price

111.00-117.00

Target

134.00

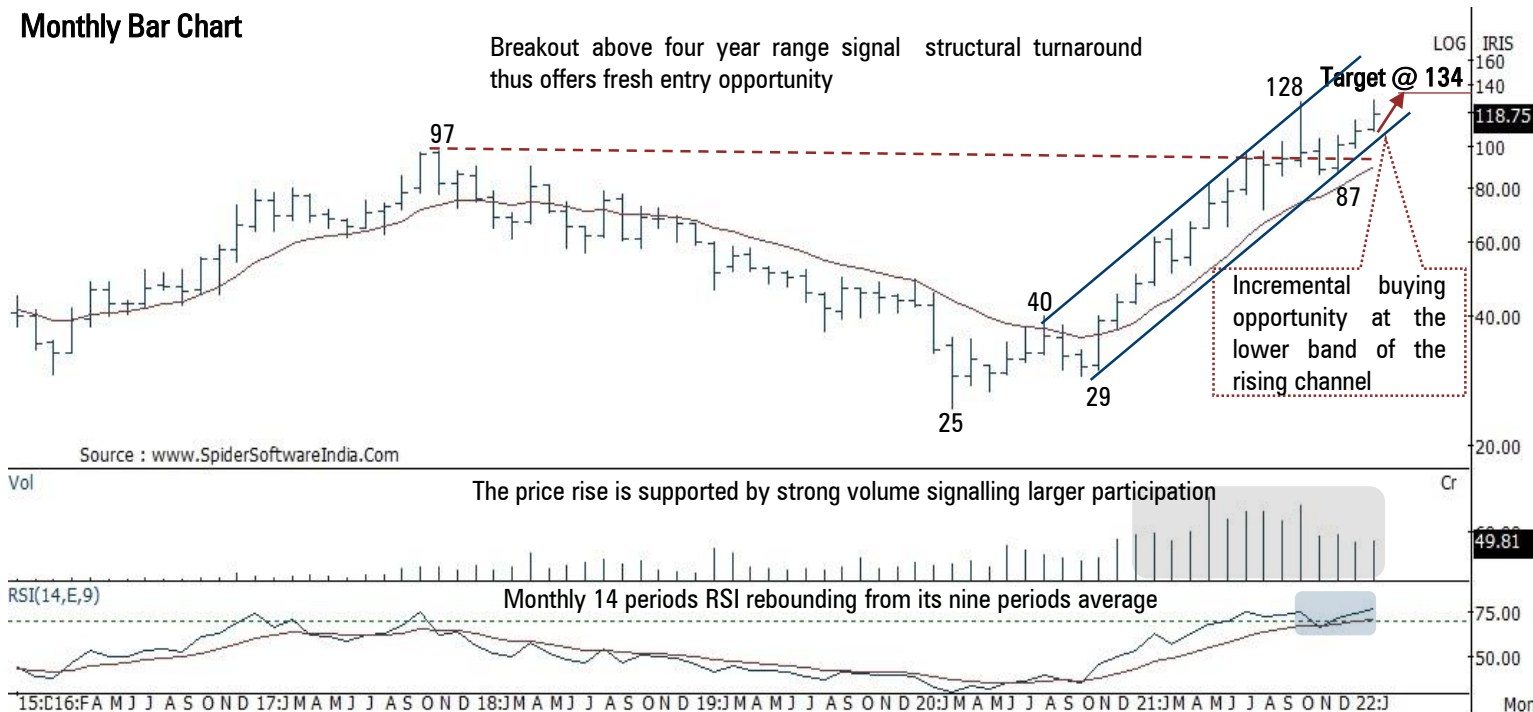
Upside

16%

## Technical Outlook

### Monthly Bar Chart

Breakout above four year range signal structural turnaround thus offers fresh entry opportunity

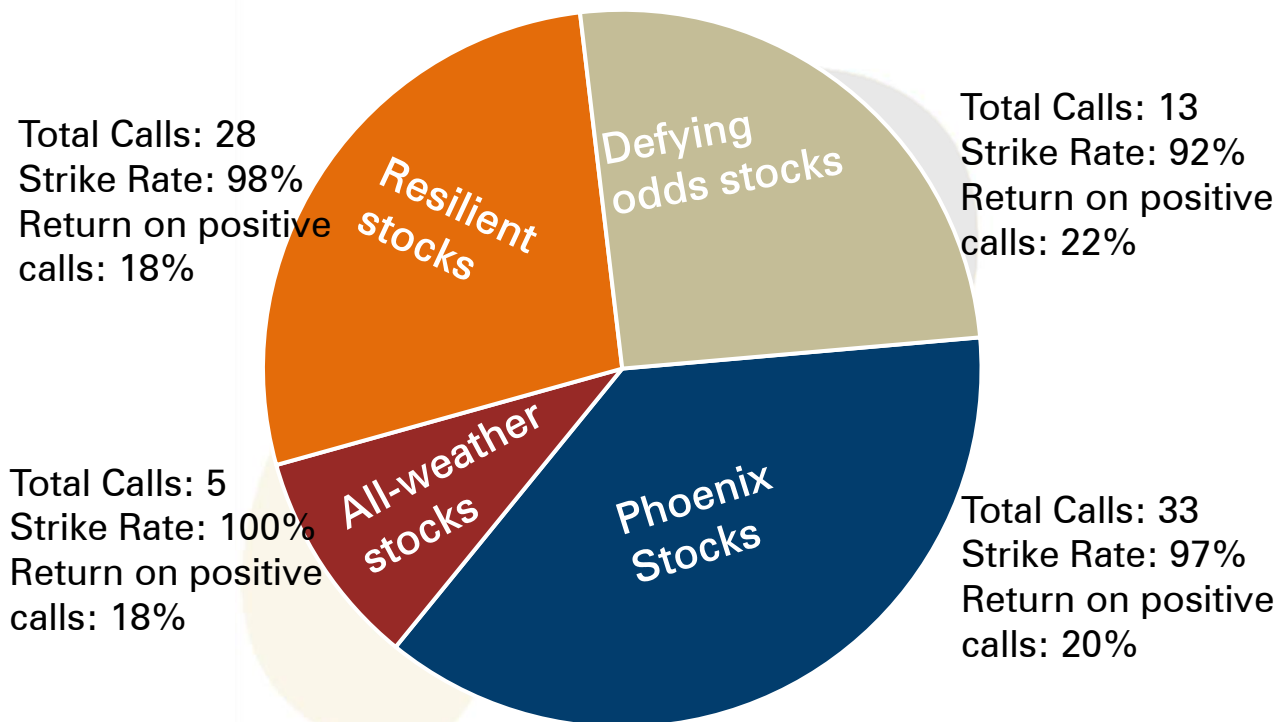


- The share price of National Aluminium has been in a steady up trend. Earlier during the year, in October 2021, it generated a breakout above its four year range signalling a structural turnaround
- The stock has remained resilient during recent market correction and the entire up move since October 2020 is well channelled signalling sustained demand and incremental buying opportunity at the lower band of the rising channel. The stock has recently rebounded taking support at the lower band of the rising channel, thus offering fresh entry opportunity
- We expect the stock to head higher towards ₹ 134 as it is the 138.2% external retracement of immediate breather (128-109)

## Fundamental Outlook

- Incorporated in 1981, National Aluminum Company (Nalco), has one of the largest integrated bauxite-alumina-aluminium-power complexes in India
- Nalco's smelter plant at Angul, Odisha, is known for its energy efficient operations and for higher purity aluminium production. The company has received excellent MoU rating for 2020-21 by Ministry of Mines
- In January 2022, Nalco formally operationalized the 960th pot in its smelter plant at Angul. With this, Nalco has successfully put into operation all 960 pots at its existing smelter plant at Angul, Odisha, hence achieving 100% operationalisation of all pots

## Techno-Funda Performance till-date



- Total Recommendations: 79
- Open: 10
- Positive: 64
- Strike Rate: 93%
- Average return on positive calls: 20.0%
- Average return on negative calls: -8.0%



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