



# Fastmarkets MB Aluminium Spotlight

Friday August 30. [Andy Farida](#), analyst

## LME base metals prices rebound in August to front run US rate cut

Market participants are front running an interest rate cut by the US Federal Reserve, and most financial headlines are painting a bullish backdrop for the event. That being said, we are mindful that a great deal of the positive momentum from the expected rate cut has already been baked into prices.

## Funds' short-covering provided ample support for prices to rebound in August

Positioning is now far less polarized compared with early August. Additionally, investors appear less bearish - open short total 67,891 lots compared with the August 2 peak of 106,170 lots, and the 113,469 lots average in the first quarter. But while short-covering can produce powerful rallies they have limitations, with current positioning suggesting further price gains are likely to rely on an increase in bullish sentiment.

## Alumina supply concerns keep FOB index robust

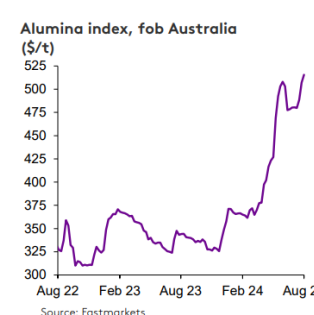
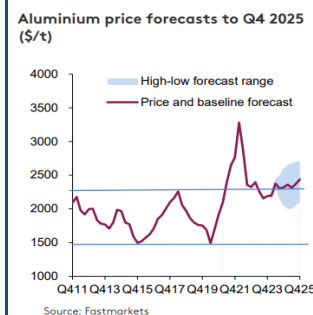
Global alumina supply disruptions have been an ongoing issue in 2024. The latest being the possible nationwide port strikes in India, though authorities managed to avert this via a last-ditch wage agreement.

Despite the averted India port strikes, market participants remain concerned about Jamalco's ongoing *force majeure* as repairs continued at its port after infrastructure was destroyed by Hurricane Beryl in early July. Against the current backdrop, it is unsurprising that Fastmarkets' fob Australia alumina index has moved back up above \$500 per tonne.

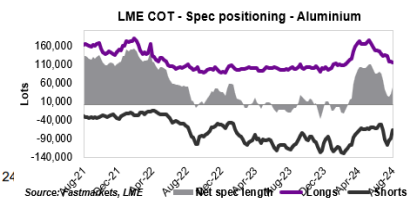
Fastmarkets calculated its daily benchmark alumina index, fob Australia, at \$514.95 per tonne on August 29. Market sentiment was mixed, however. Some market participants saw the level as being reflective of the current market, but others had yet to see such high prices, with some price indications heard around \$500-509 per tonne.

## Aluminium price outlook remains bullish into year end

LME aluminium 3-M price action is likely to stay bullish going into the final trading quarter of 2024 even though we still expect prices to dip to attract fresh buyers again. As long as the 2024 lows are not taken out by October, we envisage the light metal price can appreciate and explore what is out there beyond \$2,800 per tonne and potentially tag the \$3,000 per tonne handle before the trading year ends. This is based on the premise that the January 2024 low at \$2,158.50 per tonne is not taken out by late October.



	Aluminium (lots)	Longs	Shorts	Net spec length
Friday, August 23, 2024	113,976	67,891	46,086	
Friday, August 16, 2024	117,357	88,433	28,924	
1-week change	-3,381	-20,542	17,162	
4-week change	-19,597	-24,460	4,862	
Year-to-date change	25,725	14,099	11,627	



### Current trend direction

Short term (0-3 m)	→→	Medium term (3-6m)	→→	Long term (6m+)	→↗
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## China a net importer of aluminium

According to the latest data from the General Administration of Customs, China's imports of primary aluminium in July 2024 amounted to 129,898 tonnes, representing a month-on-month increase of 7.2% and a year-on-year increase of 11.4%. From January to July 2024, the total imports of primary aluminium amounted to approximately 1.349 million tonnes, up by 124% year on year.

Additionally, China's primary aluminium exports in July 2024 were 18,947 tonnes, showing a significant month-on-month increase of 169.4%, but a year-on-year decrease of 16.7%. The cumulative exports of primary aluminium during the first seven months of the year totalled about 47,200 tonnes, down by 41.2% year on year.

The net imports of primary aluminium were around 111,000 tonnes during July, a decrease of 2.8% month on month but an increase of 18.3% year on year. Total net imports for January-July were around 1.302 million tonnes, up by 149% year on year.

## Chinese aluminium consumption remains strong

We have raised our forecast of Chinese aluminium consumption to 43.39 million tonnes, up from previous forecast of 42.54 million tonnes, because we believe despite the real estate sector experiencing headwinds, the new energy vehicles sector and photovoltaics sector have ensured steady growth in aluminium demand.

## Balanced market in 2024, but growing deficit in 2025

Fastmarkets researchers expect the global aluminium market to see a surplus of 357,000 tonnes for 2024, compared with a deficit of 115,000 tonnes previously. The change is mainly due to the increase in global aluminium production and reflects the upward correction of Chinese aluminium production during the year. All in all, we expect global aluminium production to increase by 2.6% in 2024 to 71.857 million tonnes, and consumption to grow by 2.3% to 71.501 million tonnes.

In 2025, Fastmarkets forecasts the global aluminium market to run a deficit of 457,000 tonnes amid improved macroeconomic backdrop which should bolster stronger demand for the light metal.