2024 – Came, conquered and gone!

The year 2024 was by far the most speediest one that came in and went by in a swift. The pace, however, could not stop the year from indulging into influential events that took the markets by storm.

Year of Global Elections

Across the globe, more voters than ever in history have headed to the polls in 2024. Around 64 countries, representing a combined population of about 49% of the people in the world, have held national elections, the results of which, for many, will prove consequential for years to come. Shedding light on some of the election outcomes.

India – With all of India's 640 million votes counted following a six-week-long election, the Bharatiya Janata Party, together with its National Democratic Alliance, won a majority in 2024 Lok Sabha Elections despite a sharp reduction in their seat tally compared with the 2019 elections.

Russia - Vladimir Putin, was the winner of the 2024 election held in the country having received 87.29 percent of the votes. Nikolay Kharitonov from the Communist Party of the Russian Federation, received the second-largest share of the votes, at 4.3 percent.

Putin, a former KGB lieutenant colonel who first rose to power in 1999, made it clear that the result should send a message to the West that its leaders will have to reckon with an emboldened Russia, whether in war or in peace, for many more years to come.

European Union - Democracy was on the ballot in the European Parliament election as citizens in the union's 27 member states participated in one of the world's largest democratic exercises. The results present a mixed picture at both the European level and within individual member states. The European People's Party remains the largest group in parliament, with 26 percent of the seats 189 while the center-left S&D captured 19 percent (135 seats).

As Von Der Leyen aims for a second term as European Commission president, she will have to deal with a parliament less environmentally friendly, more fragmented and increasingly unwelcoming towards migrants.

UK - With all of the 650 seats declared, Keir Starmer has taken office as the new prime minister with a large Labour majority replacing Rishi Sunak as Prime Minister, ending 14 years of Conservative rule.

US - Former U.S. President and Republican Donald Trump made a comeback as he won a second term in office defeating Vice-President Kamala Harris, the Democratic nominee, to become the 47th President of the United States.

Four years after leaving Washington as a pariah, following his attempt to overturn the 2020 election to stay in office, Trump's victory defied two assassination attempts, two presidential impeachments, his criminal conviction and many other criminal charges.

Year of Geo-Political Tensions

The world is currently experiencing a record number of conflicts and crises since the end of World War II. From the war in Gaza, which is hitting civilians particularly hard, to the fighting in Sudan, which has caused a catastrophic humanitarian crisis, to the problems caused by drought and water scarcity in many countries. Taking a small walk through of events.

Russia - Peace remained elusive in Russia's war with Ukraine that began over two years back when Putin addressed his nation announcing a "special military operation" in Ukraine in 2022. World powers, including incoming US President Donald Trump, have called for a ceasefire. However, peace has so far remained elusive.

Syria - After 13 years of civil war, Syrian rebels overthrew President Bashar al-Assad in just a matter of a few days. With Assad fleeing to Russia, the horrors of his regime are coming to light. His regime is believed to have killed and buried more than 100,000 people in mass graves.

Israel - West Asia inched closer to a wider war in the region as Israel and Hamas carried out tit-for-tat missile strikes. Both the parties have been waging war since gunmen from the Palestinian militant group in the Gaza Strip stormed into southern Israel in Oct'24 killing 1,200 people and capturing 253 hostages, by Israeli tallies.

Israel responded with a military assault in Gaza in which more than 45,000 Palestinians have been killed, according to Gaza health authorities. Nearly the entire population of 2.3 million people in the enclave has been displaced from their homes and much of the territory has been laid to waste.

Sudan - Fighting between the Sudanese army (Sudanese Armed Forces, SAF) and the paramilitary Rapid Support Forces (RSF) caused an enormous humanitarian crisis. Fighting broke out first in the capital Khartoum and quickly spread throughout the country. It is currently the largest displacement crisis in the world. Up to 12 million people have had to leave their homes, the vast majority - over 10 million people - remain within Sudan.

Drought and water scarcity - For several years now, the climate crisis has been one of the biggest crises of our time. It is particularly hard on the Middle East and North Africa, but water shortages are affecting many other countries, from Peru to Kenya, Syria, Afghanistan and Somalia.

Climate change is expected to continue to worsen the situation in these areas and lead to massive displacement. Millions of people will move from rapidly drying up areas, due to the impossibility of making a living, to cities in search of jobs that are virtually non-existent.

Year of Rate Cuts

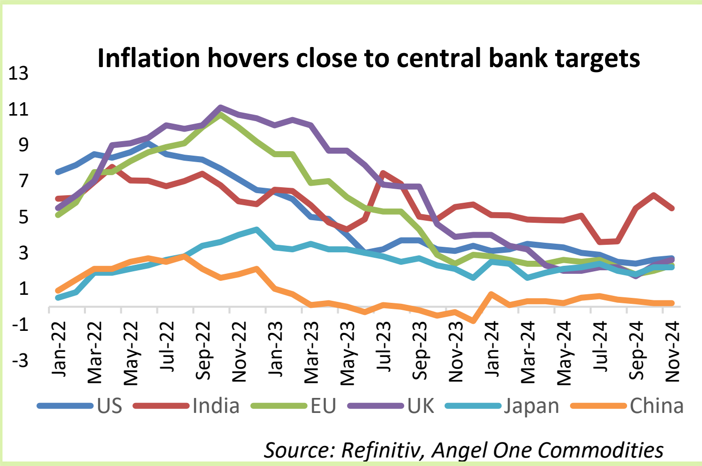
By theory, inflation and interest rates tend to move in the same direction because interest rates are the primary tool used by the central banks to manage inflation.

In reality, the inflation rates across the globe had peaked in mid-2022 due to covid-set back, higher goods and energy prices as well as bottlenecks in global supply chains. To curb this, major central banks around the world tightened monetary policy in response to rising inflation.

After series of rate hikes in 2022 and 2023, most global central banks commenced the long-awaited rate cuts in 2024. Global inflation rates declined significantly in September 2024, with most major economies seeing substantial reductions from their January 2022 levels. This trend reflects the efforts of central banks worldwide to combat rising prices through interest rate hikes. In most countries, inflation is now hovering close to central bank targets, paving the way for monetary easing across major central banks.

Some of the major predictions for 2025:

- US Federal Reserve has indicated plans for only two additional rate cuts in 2025; lesser than their previous predictions.
- Bank of England is likely to adopt gradual approach to future interest rate cuts due to trade policy uncertainty.
- Bank of Japan will "raise the policy interest rate and adjust the degree of monetary accommodation" provided economy and price are in line with projections.
- European Central Bank is expected to cut rates further in 2025 as weak growth and cooling inflation persist.
- Reserve Bank of India may postpone the beginning of its rate cut cycle to April 2025 because of the Federal Reserve's shift towards a more hawkish monetary stance.



Source: Refinitiv, Angel One Commodities

Capital Markets

In 2024, global markets saw a tremendous shift in the macroeconomic conditions, with major central banks adopting dovish tone after a series of aggressive hikes in prior years. This helped to foster favourable economic environment and boost investor confidence resulting in sky-high volumes in 2024 compared to the last year despite challenges. Almost all the major indices like S&P 500, DAX, Hang Seng etc gave amazing returns in 2024.

Source: Refinitiv, Angel One

Increased volumes in emerging markets

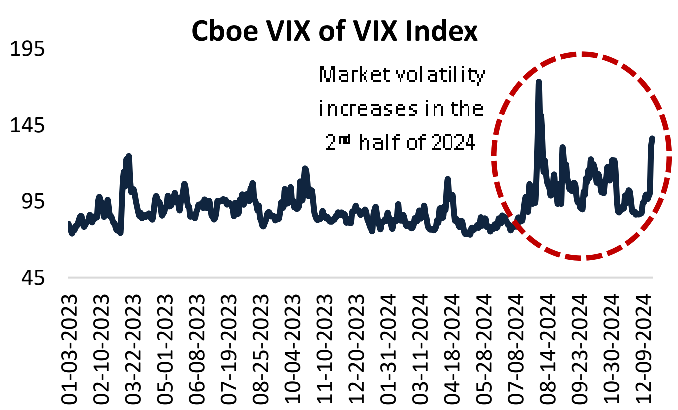
Firms continued to seek liquidity in more markets worldwide, driven by the growing size and sophistication of emerging markets. Countries like India, Brazil, Vietnam, and the Philippines became ever-more attractive destinations for investment due to their robust economic growth and improving market infrastructure.

Not only this, the changes in government policies is aimed at expanding capital markets and attracting direct investment that has generated interest from international investors. Firms are diversifying their portfolios by investing in these emerging markets to spread risk and capitalize on growth opportunities.

The global IPO environment has also showed growing optimism. Recent interest rate cuts and supportive monetary policies across major economies have provided a more conducive environment for capital raising.

Market Volatility

In the first half of 2024, markets were less volatile due to improved investor sentiments driven by softer inflation. Major global indices performed well, with the S&P 500 and Dow Jones both rising by 23 percent and 12 percent respectively. European markets, including the FTSE 100 and DAX gained by 11 percent and 19 percent respectively, while the Hang Seng has surged significantly by 17 percent.



Source: Refinitiv, Angel One Commodities

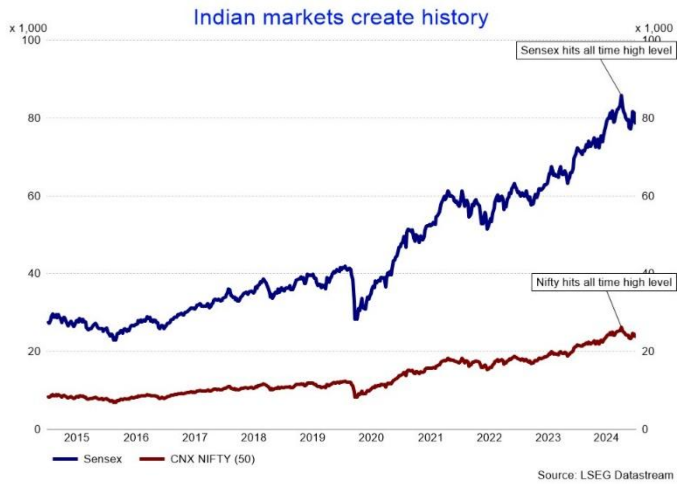
In the second half of 2024, a lot of market experts and invetsors started having conversations that surrounded around the word “recession”. Between Jul’24 & Aug’24, panic and anxiety cropped in surrounding the July US Jobs data & manufacturing data misses and a fear that the Fed is “behind the curve”. This resulted in huge sell-offs that was already characterized by high valuations.

Indian markets hit an all-time high level

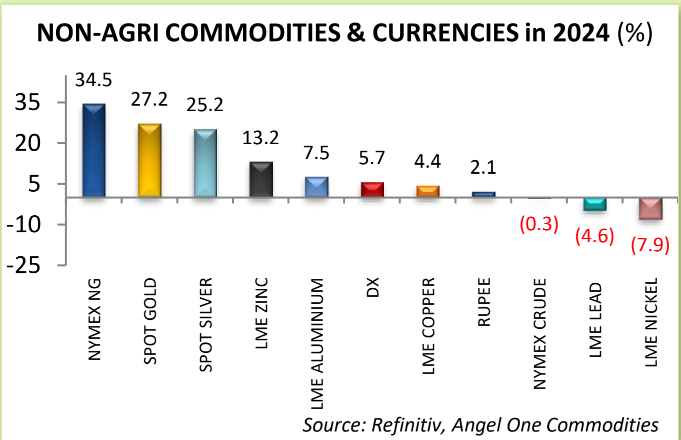
Despite the risk-off sentiments, India’s capital markets did not shy away from touching all-time high levels. Both Sensex and Nifty zoomed to a never-ever seen levels of 85978.25 and 26,056 respectively. This marveled reaction of the markets proves one thing that despite all the distressed events (global & local), India is unshakable and is on the path of becoming a global superpower.

The country’s economic growth has been consistently moving upwards, making it the world’s fastest-growing major economy. In fact, India has managed to maintain its position of being the fifth-largest economy in the world, next to Germany. Also, amidst all the geo-political tensions everywhere across the globe, India is slowing strengthening and resolving its foreign ties which is a plus.

Due to this, our country has managed to attract huge foreign inflows of around $ 20 billion in 2024, reinforcing India’s position in the global market. Having said that, we can expect the local equities to surpass their all-time high level and reach another whole new level in 2025.



Base Metals



2024 was definitely not the best year for the industrial metals. Concerns such as sticky inflation, higher interest rates, sluggish Chinese economy and escalating geopolitical tensions were few of the reasons for the lack lustre performance. Compared to other non-agri commodities like natural gas, gold and silver that gave double digit gains in 2024, metals struggled to prove its investment worthiness.

However, metals turned bullish and surged significantly due to economic recovery in China and global energy transition that could generate a super-charged demand surge. But as they say that all good things come to an end, by Aug'24 the bull ride was over and most of the investment houses had left for hotter markets and the LME Index was back at year-start levels.

Copper

Performance

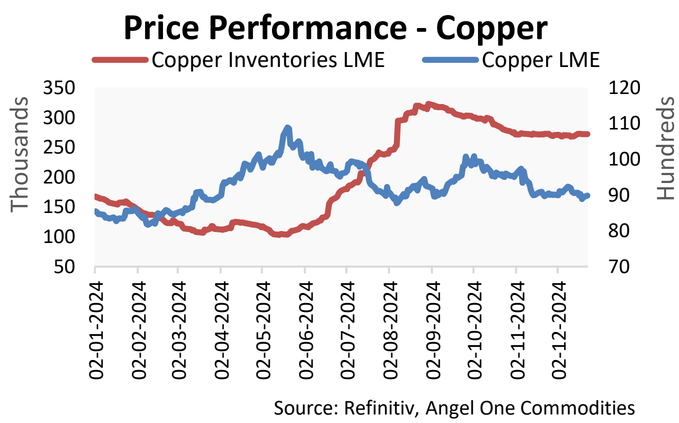
Copper is a mineral and an element essential to our everyday lives. It is a major industrial metal because of its high ductility, malleability, thermal and electrical conductivity and resistance to corrosion. Having said that, this red metal surged by more than 4 percent in 2024. It started off the year in a range bound manner with a slight bearish bias from thereon due to sticky inflation and sluggish global demand.

Mar'24 onwards things changed and the red metal gradually started to move north on reports of reduction in spot treatment and refining charges (TC/RC) of copper that boosted the market sentiments.

Spot TC on the decline in early 2024

Spot TC copper refers to the treatment charge for copper concentrate, which is a fee paid by mines to smelters to convert copper concentrate into copper cathode. Higher spot TC indicates a stronger market supply for copper, while a lower spot TC indicates a stronger demand for copper. In the 1st half of 2024, Spot TC was on the decline due to:

- Unexpected supply disruptions from copper mines post closure of First Quantum's Cobre Panama mine last year.
- Less downward pressure on spot TCs as more traders were willing to sign supply contracts with smelters.
- Spot TCs would fall into single digits or even turn negative due to "sustained" supply shortages, especially given the new projects coming online in China and India.



By the month of May'24, LME copper prices touched the higher levels of $ 11104.5 per tonne on account of increased liquidity in the markets. Low Comex copper stocks triggered a short squeeze on short bet investors which forced them to buy material to close out those bets. This led to a drop in Comex stocks and a sharp rise in copper prices.

Despite rising prices, copper appeared mostly well-stocked. Three month futures prices showed a rising premium over their primary cash counterparts for several metals, indicating spot demand was simply not keeping up with future expectations.

The bullish trend was short lived, with more than $20bn in bullish copper bets wiped out over the course of the following three months. Global manufacturing moved into recession by July'24 and attention shifted to weak economic data readings in China.

By Sep'24, the copper prices found some support and started to move upwards gradually again ahead of the Fed's first rate cut of 2024. Moreover, China announced new stimulus measures combined with news of the impending October port strike which led to rally in copper prices.

Towards the end of 2024, the prices of red metal again went south as markets were quite disappointed with the Chinese stimulus while concerns over supply shocks evaporated as the port strike concluded after only three days. Moreover, the US Dollar Index surged sharply post the US Presidential Election where Trump was elected thereby increasing concerns surround trade tariffs which added further weight to copper prices. Both LME Copper and MCX Copper closed the year at xx levels.

Fundamental Outlook

There are key risks to monitor which could play with copper prices negatively. China is likely to infuse more stimulus into the economy for revival however many market experts feel that it wont do any good. China is facing structural issues like aging population and dead property sector.

Meanwhile, Trump's Presidency is expected to unravel trade restrictions including new export bans that could reduce the volume of metal production and trade. This has a significant downside risk to the Chinese economy which is the major consumer of copper.

On the flipside, surge in refined copper consumption could give some boost to the prices of the red metal. Increased consumption will be supported by demand from sectors linked to the energy transition including electric vehicles and renewable energy applications.

Both the US and China copper market is expected to see a modest increase in demand, driven by government infrastructure projects and a growing emphasis on renewable energy. The supply-demand balance is likely to tighten, supporting higher copper prices.

Keeping all the above factors in mind, we expect copper prices on the MCX to move lower towards Rs.680/kg mark (CMP: 795.75)

TECHNICAL OUTLOOK

MCX COPPER (CMP – 795.75 / 8,768)

In the above quarterly price chart, **MCX COPPER** traded in bullish mode in the first two quarters of 2024 and made an all-time high of **945.90 levels**. Finally, in the last quarter i.e. Dec'24, it was in trading consolidation mode and traded downward. The trend price action shows the continuation of the bearishness pattern.

For the year 2024, copper prices gained 9.34%, followed by the "shooting star type of candlestick pattern, which indicates a reversal in trend.

Technically prices are trading above their 10,50 and 200 EMA (Quarterly basis). RSI (14) (Relative Strength Index) below 61 marks with negative divergence and MACD also treading above the signal line which indicates further upside in the prices.

But, after applying the trendline on the chart, it has been observed that the price is trading between up channel where we are expecting the price to reverse for the short term. Seems traders will get an opportunity to participate in downtrend.

In 2025, we expect Copper prices to find support between 730 – 710 levels. Trading consistently below 610 levels would lead towards strong support at 540 levels.

Resistance is now observed in the range of the 890 – 910 mark. Trading consistently above the 910 mark would lead towards strong resistance at the 990 level.

Looking at positive chart structure and technical indicators, we expect a bearish projection that will open opportunity for traders to book their profit at higher levels. We are recommending a 'Sell on rally' in Copper.

Technical Mark for 2025 - Trend – Sideways to Down

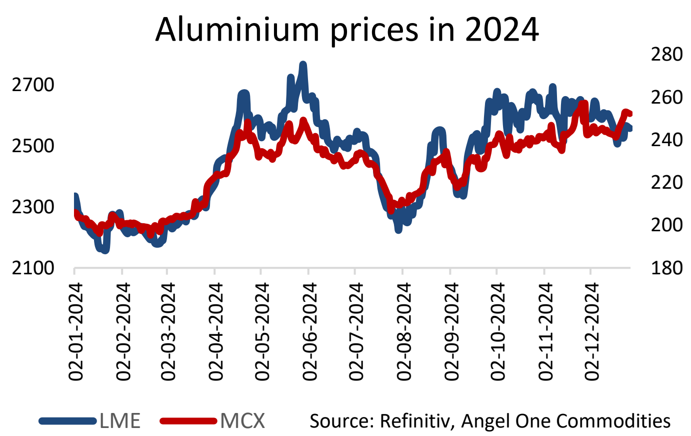
S1 – 730 / $ 8120	R1 – 890 / $ 9,690
S2 – 615 / $ 7210	R2 – 990 / $ 10,650

Sell MCX COPPER between 890 – 910, SL – 990, Target – 730 / 615.

Aluminium

Performance

Aluminium popularly known as the light metal is a silver, non-magnetic and ductile metal that plays a very important role in modern industry and commerce. Its attribute of being a lightweight with exceptional strength has drastically transformed sectors ranging from the aerospace to automotive sectors, where weight reduction is equivalent to efficiency. In fact there has



been a rising demand for the product from electric vehicles and OEMs which is supporting the aluminium market growth.

Having said that, the global aluminium market faced significant challenges in 2024. Alumina shortages drove price increases, while geopolitical tensions, trade barriers, and sanctions reshaped global trade flows, leading to a trend of deglobalization. Shipping disruptions caused by conflicts further pushed up transportation costs and delays.

On the macro economic front, interest rate cuts in major economies and China's a set of stimulus added volatility to aluminium prices. In 2024, MCX Aluminium surged by 19 percent while LME ALuminium made a yearly gain of 7 percent.

The initial few month of 2024 was not quite in favour of this light metal as the prices traded in a range bound manner. However, by the end of Feb'24 there was a strong pick up seen in Aluminium prices. The rally was driven by a combination of geopolitical tensions, supply chain disruptions and fluctuating demand dynamics.

Following the conflict in Ukraine, both the United States and Britain imposed bans on the London Metal Exchange (LME) and CME from accepting new Russian production of key metals, including aluminium. This move sent shockwaves through the aluminium market, leading to a sharp uptick in prices.

Given Russia's significant presence in the global aluminium market, with Russian-origin stocks comprising 91% of total aluminium stocks in LME-approved warehouses in March, this decision had a profound impact on the metal's prices.

Beyond geopolitical tensions, supply disruptions in China, the world's largest producer and consumer of aluminium, added further complexity to the market. Concerns about a slow recovery in production in China's Yunnan province, exacerbated by dry weather conditions restricting hydropower supply, fueled apprehensions about global aluminium availability.

Aluminium smelters in Yunnan province, facing challenges posed by drought and low water levels, were compelled to curtail operations, leading to supply jitters in the market. However, recent developments indicate a glimmer of hope, with smelters gradually restoring production thanks to improved power availability.

The allocation of additional power to the aluminium industry by China Southern Power Grid is expected to restore approximately 500,000 metric tons of annual production capacity in Yunnan, according to industry experts.

After enjoying a sharp rally, Aluminium prices again dived south and the bearish trend continued till the month of Aug'24. This downturn was mainly driven by mounting concerns over demand from China, the world's largest metals consumer and uncertainty about the timing of US interest rate cuts.

The last few months was quite volatile for the global aluminium market on account of the US Presidential Elections & China's stimulus package.

US Presidential Elections

The re-election of former President Donald Trump on 5th Nov'24 sparked renewed tensions in the market with regards to trade tariffs for Europe and UK's steel and aluminium industries.

A quick recap: In 2018, the then US President Donald Trump introduced Section 232 tariffs of 25 percent and 10 percent respectively on certain imports of steel and aluminum to the US, although these were replaced with TRQs for the EU in 2021 and UK in 2022.

In December 2023, the US and EU extended the suspensions of their respective steel and aluminum tariffs beyond January 2024 after agreeing to continue work on reaching the Global Arrangement on Sustainable Steel and Aluminum, or GASSA.

Therefore, the investors are quite tensed as to what move the new incoming US President might take in the coming days.

Chinese Economy

The world's largest producer and consumer of aluminium i.e. China is facing problems in reviving its lacklustre economy. The situation is so grave that any major economic slowdown in China has the capacity of causing ripples around the world , looking at the amount of exports the nation carries for major countries across the globe.

To counter this problem, China announced a five-year package totaling $1.4 trillion aimed to address the problems of the country's local government debt and lay the foundation for sustainable growth. Despite this, the market reaction was not very exciting.

There was a sharp drop seen in the Renminbi exchange rate and Hong Kong's Hang Seng Index as markets felt that the package was not adequate enough to fix the debt problems. Moreover, the stimulus would help only the government and not businesses and households.

In fact, the World Bank predicted that China's economic growth would further slow down in 2025 despite the stimulus efforts which could put additional pressure on regional economies in East Asia and the Pacific. In its latest economic outlook, the World Bank forecast China's growth to drop to 4.3 percent in 2025, down from an expected 4.8 percent in 2024.

As a result, growth across East Asia and the Pacific, including countries like Indonesia, Australia, and South Korea, is also expected to slow, falling to 4.4 percent in 2025 from about 4.8 percent in 2023.

Fundamental Outlook

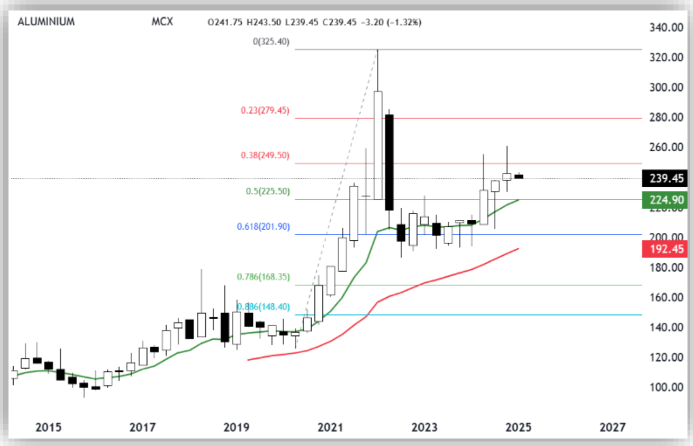
Right now, the Aluminium market is navigating through a series of heightened volatility. With the newly elected US President Donald Trump, market participants in the US are anticipating stable business which shall be supported by continued tariffs and potential interest rate cuts.

On the other hand, industry sources in Europe and Latin America are watchful of potential new trade restrictions. While tariffs and trade sanctions remain on the horizon, tight upstream supply and recent disruptions continue to keep the price up. The election result has removed some uncertainty, and aluminium traders are now more willing to finalize contracts for the upcoming year.

Keeping all the factors in mind, we expect MCX Aluminium prices to trade lower towards Rs. 190 per kg in 2025. (CMP: Rs.253 per kg)

TECHNICAL OUTLOOK

MCX ALUMINIUM – (CMP – 253.30 / 2551)



In the first two quarters of 2024, aluminum prices exhibited a consistent upward north movement. Finally, by the last quarter (December 2024), prices reached a yearly high of 260.85 levels. This price action shows the trend continuation of a bullish pattern.

In 2024, aluminum prices increased by 19.51%, followed by a "bullish type of candlestick pattern" that suggests potential further strength.

Technically, on a quarterly basis, prices are trading above their 10 and 30. The relative strength index (RSI) (14) is above 65 with bullish divergence, and the MACD is also above the signal line, indicating that prices will continue to rise.

But after applying the Fibonacci retracement tool to the chart, we can observe that the price has broken through 61 percent and is now turning to profit booking, which is a sign of possible market reversal points.

In 2025, we expect aluminium prices to find support 190 – 180 levels. Trading consistently below 180 levels would lead towards strong support at 130 levels.

Resistance is now observed in the range of the 299 – 309 mark. Trading consistently above the 309 mark would lead towards strong resistance at the 345 level.

Looking towards positive chart and technical indicator, we expect a bearish trend. We see the opportunities for traders to sell at higher levels. We are recommending a sell on rally in aluminum.

<u>Technical Mark for 2025 - Trend – Sideways to Down</u>

S1 – 190 / $ 2050	R1 – 299 / $ 2950
S2 – 130 / $ 1730	R2 – 345 / $ 3390

Sell MCX Aluminium between 299 – 309, SL – 345, Target – 190 / 180.

ZINC

TECHNICAL OUTLOOK

MCX Zinc – (CMP – 278.85 / 2,990)

The quarterly price chart of MCX ZINC above, shows prices were consolidating in the first quarter of 2024, hitting an annual low of 204.65. The prices started to rise in the second quarter, signaling a change in direction toward a bullish trend.

Lastly, zinc was trading near its annual high of 300.25 during the most recent quarter. This price action demonstrates how a positive momentum is continuing its trajectory. A "bullish type of candlestick pattern that further suggests continued strength and buying interest in Zinc" followed the 22.59% price increase in 2024.

Technically, on a quarterly basis, prices are trading above their 10, 50 points. The MACD is also treading below the signal line, indicating a further downward trend in the prices, and the RSI (14) (Relative Strength Index) is above 59.67 marks with negative divergence, suggesting a possible turnaround.

Looking at the chart using the Fibonacci Retracement tool, we can see that the price has broken breached 50%, which is where we anticipate a price reversal to the downside.

In 2025, we expect Zinc prices to find support 245 – 235 levels. Trading consistently below 235 levels would lead towards strong support at 205 levels.

Resistance is now observed in the range of the 310 – 320 mark. Trading consistently above the 320 mark would lead towards strong resistance at the 345 level.

Looking at the technical chart structure and indicators, we are expecting Zinc to move lower which will open opportunities for traders to sell at higher levels.

Technical Mark for 2025 - Trend – Sideways to Down

S1 – 245 / $ 2650 R1 – 310 / $ 3430
S2 – 205 / $ 2260 R2 – 345 / $ 3840

Sell MCX ZINC between 310 – 320, SL – 345, Target – 245 / 235.

Trend Deciding Levels for 2025

	S1	S2	R1	R2	Trend
MCX Copper	730	615	890	990	DOWN
LME Copper	8120	7210	9690	10650	DOWN
MCX Zinc	245	205	310	345	DOWN
LME Zinc	2650	2260	3430	3840	DOWN
MCX Lead	162	148	190	205	DOWN
LME Lead	1860	1700	2180	2340	DOWN
MCX Aluminium	190	130	299	345	DOWN
LME Aluminium	2050	1730	2950	3390	DOWN