

TARGETS IMPLY UPSIDE

JPM Assigns Overweight Tag to Hindalco and Vedanta

Our Bureau

Mumbai: JPMorgan has upgraded Hindalco Industries and Vedanta Limited to 'overweight', raising their price targets to ₹1,125 and ₹850, respectively, as it bets on a sustained upcycle in aluminium prices driven by supply disruptions. The price targets imply an 18% upside for Hindalco and 19% gains for Vedanta over their Tuesday closing prices.

“We see substantial earnings growth from higher LME Al prices and favorable FX (Rupee depreciation) over the next several quarters,” said the brokerage in a client note on Tuesday.



The brokerage said the West Asia conflict has pushed the aluminium market to the brink of a supply shortage, and the recent smelter outages will likely last even after the traffic through the Strait of Hormuz returns to normalcy.

“We believe a ramp-up could be a significantly more lengthy process, potentially 9-12+ months for smelters of this size,” said JP Morgan. “We believe ex-China aluminium markets should tighten sharply.”

Vedanta rose 3.4% to ₹713.6, and Hindalco gained 2.9% to ₹954.3 in choppy trades on Tuesday.