



Investment idea:

“Preparing to have profits on an optimistic report of Alcoa Inc.!”



Alcoa Inc. (Aluminum Company of America) (#AA) – is the largest US steelmaking company in the aluminum industry, bauxite mining, alumina production and aluminum and alloy products.

- Alcoa is one of the world’s top three aluminum producers.
- The total revenue for 2017 was \$ 11.65 billion.
- Alcoa Inc. was founded in 1888.

**Reasons for buying Alcoa Inc. shares
in August:**





1. Optimistic quarterly report. Quarterly report of Alcoa Inc. showed growth in key parameters, thereby completely surpassing market expectations. These are the best results for the last eight quarters. So, the income was - 3.58B, and EPS grew to 1.52.

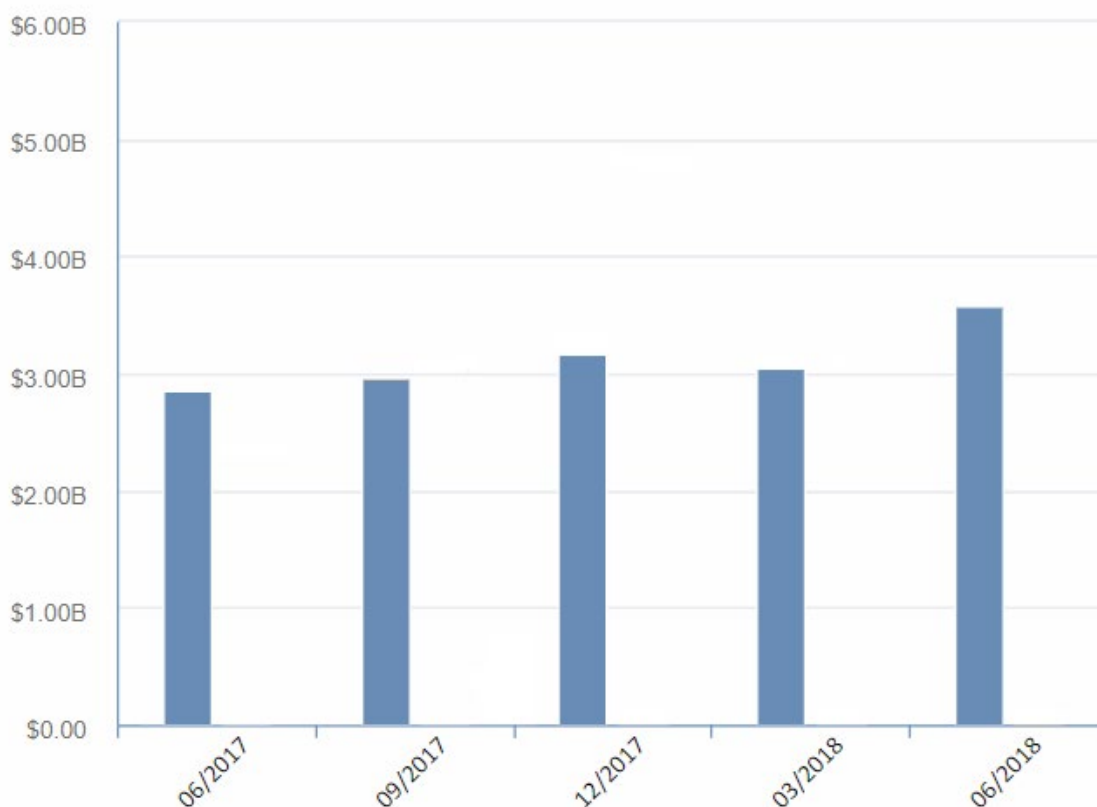


Fig. 1. Alcoa Inc profitability chart.

According to the graph of the company's profitability, the growth of income is clearly traced. Therefore, expectations from the upcoming quarter may be underestimated. Only a drop in expectations for the next quarter of 2018, which were already significantly underestimated, causes the fears.

The forecast for October 17, 2018: Income - 3,41B, EPS - 0,98. Revenue per share (EPS) is significantly underestimated. At the same time, starting from 2017, the company demonstrates a restrained growth of these indicators.



2. Growth of the aluminum cost. The main fundamental factor in strengthening the shares of Alcoa Inc. there is an upward trend in aluminum futures, which has been trading in an upward trend since the beginning of 2016 and is limited by a decrease in the psychological level of 2000.00.



Fig. 2. Aluminum futures chart

Dynamics of Alcoa Inc. shares is related to the dynamics of aluminum and has a direct correlation. Therefore, **the growth in the cost of aluminum will also positively affect the Alcoa Inc. shares.** At the same time, the aluminum deficit for 2018 is expected to be 1-1.5 million tons, and the expected growth in demand for aluminum this year is about 4-5%.



Fig. 3. Graph of dynamics of the Alcoa Inc. share and futures for aluminum (red line)



The recommended period of connection to the idea is
from July 30 to August 3, 2018.

The period of working out the idea is until August 31, 2018.

The recommended start amount is \$ 10,000.

Potential profit is from 300% to 400% of the lot size.

Connect

** Entry points, exact profit, protective orders and transaction hedging -
check with the manager when you connect!*