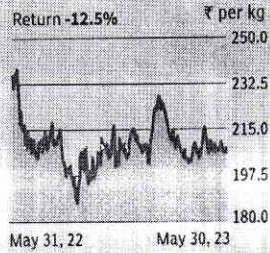


COMMODITY CALL.

Stay out of aluminium futures



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Aluminium futures, on the Multi Commodity Exchange (MCX), which saw a decline in the second half of April, started moving sideways in early May. The June futures of the metal has since then been oscillating within ₹204 and ₹210.

Therefore, the contract should move out of the ₹204-210 range for us to get a clue about the next leg of the trend. A breakout of ₹210 can turn the short-term outlook bullish.

On the other hand, if the contract slips below ₹204, there is support immediately at ₹200, which is a strong one. But if ₹200 is taken out, we might see a quick decline to ₹186. Although ₹194 can be a minor support, it might not be able to hold the bears. Because a break of the support at ₹200 can potentially induce considerable momentum that can drag the price below ₹194.

TRADE STRATEGY

Until the aluminium futures trade in the range of ₹204-210, we suggest staying out. Traders can take position along the direction of the break.

If the contract breaks out of ₹210, go long with stop-loss at ₹205. Book profits at ₹218.

Since ₹200 is a support below ₹204, we recommend going short only if the aluminium futures fall below ₹200. Target and stop-loss for this trade can be at ₹186 and ₹205, respectively.