

Aluminium: Go short at ₹253, stop loss at ₹255.50

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Aluminium futures have been declining over the past few weeks. The August contract is currently trading at ₹253/kg.

The contract started to fall after facing a barrier at ₹256 last week. That said, there are supports ahead at ₹250 and ₹248 which can limit the downside. Also, the trend has been bullish since early May.

Therefore, the recent decline may only be a corrective move and the futures (August) might resume the rally from either ₹250 or ₹248.

OUTLOOK

Given the current price action, we expect the contract to see a drop to ₹248 before the bulls regain traction. In such a case, aluminium might bounce off ₹248 and retest ₹256.

However, if the support at ₹248 is breached, the short-term outlook can turn negative and could trigger a fall to ₹240.

Overall, irrespective of whether the trend will remain bullish or turn bearish from the current level, the August futures is likely to witness its price dropping to ₹248.

TRADE STRATEGY

Short aluminium futures (August) at ₹253. Target and stop-loss can be ₹248 and ₹255.50 respectively.