

COMMODITY CALL

Buy aluminium futures at ₹209

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MCX Aluminium

Return -6.7% ₹ per kg



For nearly two weeks, the prices of aluminium have been stuck in a range. Consequently, the aluminium futures (January expiry) on the Multi Commodity Exchange (MCX) has been oscillating in the narrow price band of ₹208-211.

Having said that, aluminium has not been trending since July and the chart shows that the futures have been fluctuating within ₹205 and ₹218. January futures, are now quoting at ₹209 and are near the lower boundary of the broader ₹205-218 range.

Therefore, one can consider buying as the risk-reward ratio is good for long positions.

We expect the futures to rally to ₹218 in the near-term. A breakout of this can help establish aluminium futures a leg of rally, possibly to ₹250. On the other hand, a breach of the support at ₹205 can turn the outlook negative which could lead to a fall to ₹186.

Given that the risk is lower compared to the potential upside, we recommend buying MCX aluminium futures at the current level of ₹209. Add more longs if the price dips to ₹206. Keep the stop-loss at ₹203 at first and move it up to ₹210 when the contract crosses over ₹214. Liquidate the longs at ₹218.