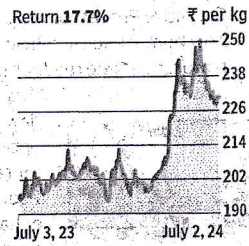


Aluminium: Buy July futures if they top ₹235



Akhil Nallamuthu

bl. research.bureau

Aluminium futures on the Multi Commodity Exchange (MCX) have been tracing a sideways trend for a little over two weeks. The July contract has been oscillating in the narrow range of ₹228 and ₹233.

While the trend has been bearish since the final week of May, the consolidation has put a stop to the down-swing.

However, the sideways movement by itself is not a sign of a bullish reversal. But this increases the chances of a U-turn, especially considering that there is support at ₹225.

That said, the confirmation can be the breakout of ₹235, which is also a resistance. A move past ₹235 can result in a rally to ₹250. The price region between ₹250 and ₹255 is a resistance band.

On the other hand, if aluminium futures slip below ₹225, it can open the door for a decline to ₹210, a support. Subsequent support is at ₹200.

TRADE STRATEGY

We recommended going short on July aluminium futures at ₹229 last week. Exit this trade since the down-trend is losing momentum.

Consider buying July futures if it crosses the barrier at ₹235. Target and stop-loss can be ₹250 and ₹228, respectively.