

Aluminium: Stay away until futures rally to ₹205

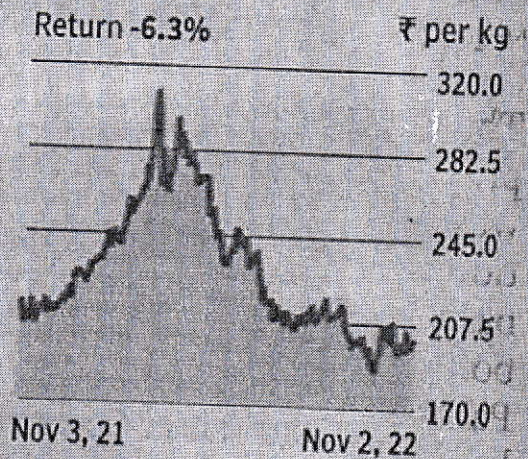
COMMODITY CALL.

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For the last one month, aluminium prices have moved horizontally. The continuous contract of the metal on the MCX has been stuck in the range of ₹195-212. In the last couple of weeks, it has oscillated in the narrow range of ₹195-205. Thus, it is not ideal to take positional trades at this juncture. One can possibly consider short-term trades.

From the current level of ₹200, we expect the contract to decline to ₹195 at first, and then it could possibly drop to ₹188. The 20- and 50-day moving average, both at ₹200, could offer resistance to the bulls in taking the contract up-



wards. Even if this level is invalidated, there are strong barriers at ₹205 and ₹212. Considering the above factors, our trade recommendation is as follows:

Stay on the fence for now and initiate fresh short positions if the MCX aluminium futures rallies to ₹205. Place stop-loss at ₹214 at first and then revise it down to ₹205 when the price slips below ₹195. Exit the shorts at ₹188. The price band of ₹186-188 is a good support from where the contract can rebound.