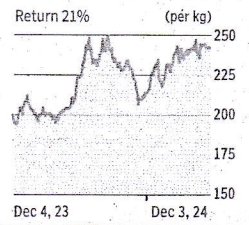


Aluminium: Go long on dips at ₹240

Gurumurthy K

bl. research-bureau



Aluminium prices have been struggling to rise over the last couple of months.

The aluminium futures contract on the MCX has been oscillating in a sideways range for about two months now. The range of trade has been ₹230-₹250 per kg. Within this range, the contract is currently trading at ₹242.

The near-term outlook is mixed and unclear. Intermediate support is at ₹238. Below that, ₹230 will be the range support. The price action on the weekly chart leaves the bias positive. The long wicks indicate that the contract is getting strong buyers around ₹230.

That keeps the chances high for the contract to make a bullish breakout above ₹250. Such a break can take the contract up to ₹260-₹265.

However, as long as the contract stays below ₹250, the sideways range will remain intact. The outlook will turn bearish only if the contract declines below ₹230.

TRADE STRATEGY

Traders can go long on dips at ₹240 and accumulate at ₹236. Keep the stop-loss at ₹228. Trail the stop-loss up to ₹242 as soon as the contract moves up to ₹247.

Move the stop-loss further up to ₹252 when the price touches ₹256. Exit the long positions at ₹262.