

Go long if aluminium futures decline to ₹215, stop-loss at ₹208

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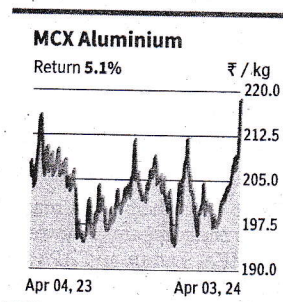
Aluminium futures on the Multi Commodity Exchange (MCX) began its latest leg of rally in early March, after finding support at ₹200.

The contract gained

COMMODITY CALL.

enough momentum and consequently, it broke out of the resistance at ₹210 this week. It closed at ₹218.75 on Wednesday.

As it stands, aluminium futures look set to rally further. However, we might



see a corrective decline, probably to ₹212-215 price band before rising to ₹226. If the correction extends, the price could fall to ₹210. A decline below this level is less likely now.

On the other hand, if aluminium futures rally from here without seeing a price

correction, it could see a dip after touching ₹226. A breakout of ₹226 can change the medium-term trend bullish. Nearest notable resistance above ₹226 is at ₹250.

TRADING STRATEGY

As there is a chance for a corrective decline from the current level and that the risk-reward ratio is unfavourable for fresh longs at the momentum, traders are advised to wait.

Go long when aluminium futures decline to ₹215 and on a dip to ₹212. Place stop-loss at ₹208. When the contract rises past ₹220, tighten the stop-loss to ₹215. Book profits at ₹226.