Aluminium: Go short if futures break below ₹200

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Aluminium prices have been coming down since the beginning of this month. The aluminium futures contract on the MCX reached a high of ₹204.75 per kg on Wednesday last week and has come off from there. It is currently trading at ₹200.25 per kg.

COMMODITY -CALL.

The near-term outlook is weak. The contract has just broken below the support at ₹200.70. If this break sustains, then further fall is possible this week. A fall below ₹200 can take the contract down to ₹198 initially. A further break below ₹198 will increase the selling pressure. In that case, the downside can extend up to ₹196.

can extend up to ₹196. To avoid this fall, the contract has to bounce back immediately from current



 Return -9.61%
 ₹ per kg

 230
 221

 212
 212

 203
 194

 185
 Feb 5, 24

levels. Intermediate resistance is around ₹203.50. A decisive break above this hurdle will turn the outlook bullish. Only in that case the path will get cleared for the aluminium futures contact to target ₹206 and ₹208 on the upside.

We expect the contract to break and fall below ₹200 going forward. Traders can go short on a break below ₹200. Keep a stop-loss at ₹201.50 initially. Trail the stop-loss down to ₹199 as soon as the contract falls to ₹198.25. Move the stop-loss lower to ₹198 when the price touches ₹197.50. Exit the shorts at ₹197.

