

Retain longs in aluminium with stop-loss at ₹198

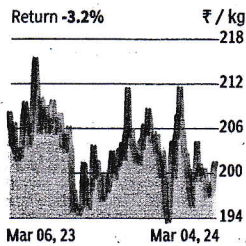
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Aluminium futures on the Multi Commodity Exchange (MCX) bounced off ₹198 last week. On Monday, it closed at ₹202.05, which has also lifted the contract above the 20-day moving average (DMA). Thus, the bullish bias is retained by aluminium futures.

COMMODITY CALL.

From the current level, the nearest resistance is at ₹205, where the 50-DMA coincides. Nevertheless, we expect aluminium futures to get past this level and touch ₹210 in the near-term.

Notably, since June last year, the continuous futures of aluminium has been trading within the ₹192-210 price band. So, after rallying to ₹210, the contract could see a drop in price.



On the other hand, if aluminium futures decline from the current level itself, it can find support at ₹198 and ₹192. The next major swing in price depends on the direction of the break of the ₹192-210 range.

TRADE STRATEGY

Last week, we suggested going long on aluminium March futures at ₹198. Stop-loss was suggested at ₹190.

Retain this trade but raise the stop-loss from ₹190 to ₹198. Thereafter, when the contract rallies past ₹205, tighten the stop-loss to ₹200. Liquidate the longs at ₹210.