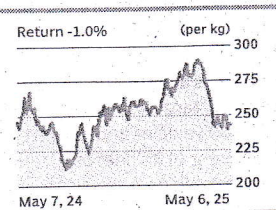


Short aluminium if it breaches support at ₹229

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Aluminium futures have been trading in a sideways range since the beginning of April.

The May contract closed at ₹231.90/kg on Tuesday and, thus, remains within the boundaries of the ₹229-238 range.

The contract, after a failed attempt to break out of ₹238 nearly two weeks ago, is now testing the lower end of the range. At ₹229, the 61.8 per cent Fibonacci retracement level of the prior uptrend coincides. So, a breach of this level could be significant.

As it stands, the price action denotes considerable selling pressure and keeps the probability of support at ₹229 getting breached high.

A break below ₹229 could trigger a fresh leg of downtrend. This could drag aluminium futures to ₹217, a potential support.

Below this level, the nearest notable support is at ₹206.

On the other hand, if the contract rebounds from ₹229, they will face resistance at ₹238.

Only if the contract surpasses this hurdle can the outlook turn positive. If that occurs, the contract could rally to ₹248 and ₹256 — potential resistance levels.

TRADE STRATEGY

Short aluminium futures if they breach support at ₹229. Target and stop-loss can be ₹217 and ₹235 respectively.