

Look to bet long on aluminium futures

COMMODITY CALL

Akhil Nallamuthu
bl.research bureau

After rallying past the resistance at ₹220 in mid-January, aluminium February futures on the Multi Commodity Exchange (MCX) extended the upside to mark a high of ₹228.25. However, the bulls lost the momentum as the price level of ₹228 acted as a



resistance, preventing a rally beyond this level. The contract has now moderated to the resistance-turned-support level

of ₹220. A drop below this level is less likely. The candlesticks of the past two days (refer daily chart) show that there is good buying in the ₹219-₹221 price band as the candles have formed long lower wicks. Therefore, we might see a rebound off this level soon.

If the rally resumes as we expect, the price might rise towards the price band of ₹250-256, a resistance band. Subsequent resistance is at ₹272.

On the other hand, if the contract slips below ₹220, it might extend the decline to-

wards the price band of ₹205-210.

TRADING STRATEGY

In mid-January, we recommended long positions on aluminium futures at ₹220 with initial stop-loss at ₹210. Retain this trade. Traders looking for fresh opportunities can buy now.

When the contract moves above ₹232, shift the stop-loss to ₹220. Further, tighten the stop-loss to ₹232 when the price rallies above ₹240. Exit the longs at ₹250.