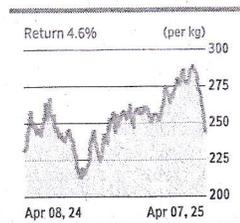


Stay out of aluminium futures for now

Akhil Nallamuthu
bl. research bureau



For nearly a month, the price of aluminium futures has been on a fall. The decline has been sharp and steady and over the past month, the contract has lost nearly 12 per cent.

The April series closed at ₹234.15 per kg on Monday.

The price action shows that there have not been any signs of a reversal in trend, and the momentum is definitely with the bears.

However, aluminium futures have a strong base at ₹230.

If the bears can drag the contract below this level, we can see the price falling to ₹218 and ₹208, notable support levels below ₹230.

On the other hand, if aluminium futures see a recovery, it can face resistance at ₹238. A breakout of this gives it some positivity.

So, a rally past ₹238 can lift the contract to ₹248, a resistance. Subsequent resistance is at ₹256.

So, overall, as it stands, the next leg of trend depends on whether aluminium futures will breach the support at ₹230 or the resistance at ₹238 first.

Note that there is a possibility of the contract consolidating for some time before the breakout.

TRADE STRATEGY

Stay out for now. Initiate fresh trade based on the direction of the break in the ₹230-238 range.