

Aluminium: Add longs on dips to ₹208

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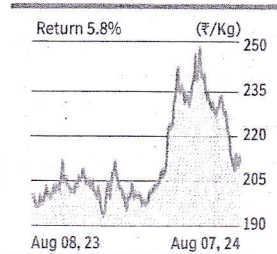
Aluminium futures (August series) on the Multi Commodity Exchange (MCX) has been moving in a sideways range since the past two weeks. It has been oscillating between ₹208 and ₹215.

COMMODITY CALL.

The prevailing consolidation means that the downtrend has lost momentum. Also, there is a strong support band between ₹206-210.

While this does not mean a bullish trend reversal, the odds are now favourable for the bulls.

We expect aluminium futures to at least witness a minor rally to ₹225 from the



current market price of ₹212. A breakout of ₹225 can lift the contract to ₹232.

But if the contract resumes the decline and breaks below ₹206, it can quickly drop to ₹190.

TRADE STRATEGY

Last week, we recommended buying aluminium futures at ₹212. Hold this trade and add longs in case the price dips to ₹208.

Maintain a stop-loss at ₹204. Alter the stop-loss up to ₹212 when the price hits ₹220. Book profits at ₹225.