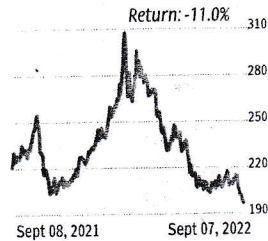


COMMODITY CALL

Bet short on MCX aluminium futures contract



AKHIL NALLAMUTHU

Bl. Research Bureau

The continuous futures of aluminium on the MCX (Multi Commodity Exchange) has been on a downtrend since early March this year, after reversing lower on the back of resistance at around ₹325.

Towards the end of June, the downtrend lost a bit of momentum and started to consolidate.

Until last week, it was oscillating in the range of ₹205-215.

Last week, the bears gathered momentum and pulled the contract below support at ₹205.

This has turned the outlook negative and indicates that the bears have regained strength.

Therefore, the probability of a further decline is high, with the nearest support at ₹186. Subsequent support is at ₹170.

We forecast aluminium futures to depreciate to ₹186 within a couple of weeks. If this level is breached, the price could touch ₹170.

Strategy

Consider initiating fresh short positions at the current level of ₹200. If there is a corrective rally to ₹210, add more shorts and place stop-loss at ₹220.

When the contract touches ₹186, liquidate half of the shorts and tighten the stop-loss to ₹200. Liquidate the remaining shorts when the price falls to ₹170.