

Aluminium futures: Go short at ₹240 and ₹244

Gurumurthy K
bl. Research Bureau

Aluminium prices have been struggling to rise over the last few weeks.

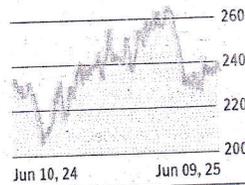
COMMODITY CALL

The contract traded on the MCX has been stuck in a sideways range for about three weeks. The contract has been oscillating between ₹234 and ₹242 per kg. The contract is currently trading at ₹237.50 per kg.

The near-term outlook is mixed and range-bound. However, the broader trend is still down. Strong resistance is in the ₹245-246 region. It can cap the upside if the contract breaks above ₹242.

The broader bias is bearish to break ₹234 in the coming days. Such a break can drag aluminium down to ₹229-228 initially. A further break below ₹228 will see the con-

Return 0.72% ₹ / Kg 280



tract falling to ₹224-222 eventually.

To avoid this fall, the contract has to breach ₹246 decisively. Only then the bias will turn positive for a rise to ₹260 and higher. But the price action on the chart indicates that a fall to ₹228 and ₹222 can happen first before a reversal is seen.

TRADING STRATEGY

Traders can wait for a rise. Go short at ₹240 and ₹244. Keep the stop-loss at ₹248. Trail the stop-loss down to ₹238 as soon as the contract falls to ₹236. Move the stop-loss further down to ₹235 when the contract touches ₹233. Exit the shorts at ₹230.