

Aluminium: Wait for a bullish breakout to go long

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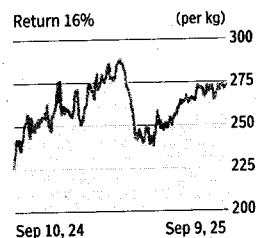
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Aluminium prices have been stuck in a narrow range over the last two weeks. The aluminium futures contract traded on the MCX is stuck between ₹252 and ₹257 per kg. Within this range, the contract is currently trading at ₹255.

COMMODITY CALL.

The near-term picture is unclear. Intermediate support within the range is at ₹253 where the 21-day moving average is also poised. This has been limiting the downside for now.

As such, we will have to wait for a breakout on either side of ₹252 or ₹257 to get



clarity on the next direction of the move.

A break above ₹257 will be bullish. Such a break can take the contract up to ₹262-263. On the other hand, a break below ₹252 will be bearish for a fall to ₹249 and lower.

TRADE STRATEGY

Go long on a break above ₹257. Keep the stop-loss at ₹255. Trail the stop-loss up to ₹259 as soon as the contract goes up to ₹261. Exit the longs at ₹262.