

Avoid taking fresh positions in aluminium

Akhil Nallamuthu
bl. research bureau

Aluminium futures on the MCX has been declining for nearly two weeks. The June futures, which fell after facing a resistance at ₹250, has now slipped below the 50-day moving average support. This gives the contract a bearish bias.

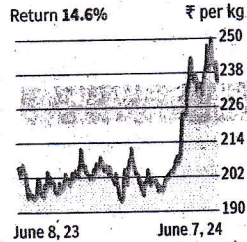
COMMODITY CALL

However, currently hovering around ₹235, the copper futures has a support at ₹232. So, there is a chance for a recovery. That said, for the bulls to gather good momentum, the contract ought to get past the resistance at ₹250.

The above factors indicate that copper futures has been stuck within two key levels at ₹232 and ₹250. The path of the next leg of trend depends on which of these two levels is breached first.

If the downswing extends

MCX Aluminium



below ₹232, we can possibly see the sell-off intensifying, dragging the contract to ₹210 or even to ₹200. On the other hand, if copper futures break out of ₹250, it can establish another leg of uptrend, possibly rising to ₹270-280 price band.

Given the prevailing conditions, we suggest traders to avoid taking fresh positions now. Initiate fresh trade along the direction of the break of the ₹232-250 range. Traders with high risk-appetite can go long on aluminium futures now since it is trading near the support at ₹235. Target and stop-loss can be ₹250 and ₹228, respectively.