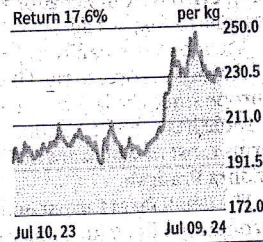


Aluminium futures: Stay off for now

Akhil Nallamuthu
bl. research bureau



Aluminium futures on the Multi Commodity Exchange (MCX) have ruled sideways for nearly a month. The July expiry has been fluctuating between ₹228 and ₹235.

Prior to the contract entering the horizontal trend, it witnessed a decline. Yet, now that aluminium futures are range-bound, the downtrend has lost its momentum. Moreover, there is an important support at ₹225 apart from ₹228.

However, this does not mean a bullish reversal as there is a resistance at ₹235. So, effectively, the next leg of trend in aluminium futures depends on which of ₹225 and ₹235 is breached first.

If the contract breaks out of ₹235, the outlook will turn positive and consequently, it can rally to ₹250.

But if aluminium futures slip below ₹225, it will open the door for a decline to ₹210, which can even extend to ₹200.

TRADE STRATEGY

Stay on the sidelines. Initiate fresh trade along the direction of the break of the ₹225-235 range.