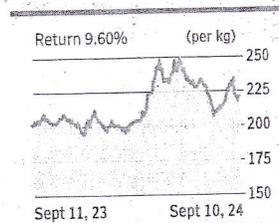


COMMODITY CALL.

Aluminium: Go short on a rise

Gurumurthy K

bl. research bureau



Aluminium prices are attempting to recover after falling sharply last week. The aluminium futures contract on the Multi Commodity Exchange (MCX) has risen back well from the low of ₹217.15 per kg. It is currently trading at ₹221.

OUTLOOK

The bounce back from around ₹217 this week is significant, close to the 200-day moving average support at around ₹217.50.

Key resistance is in the ₹223-224 region. The contract has to breach ₹224 decisively to bring back the bullishness. Only then will a rise to ₹230-235 come back into the picture.

Failure to breach ₹224 and a reversal from there can drag the contract down to ₹220-217 again. That, in turn, will keep alive the danger of the contract breaking below ₹217.

If this break happens, then the contract can fall to ₹214 and ₹212 going forward.

TRADE STRATEGY

We expect the resistance at ₹224 to hold in its first test. Traders with high risk appetite can go short on a rise at ₹223. Keep the stop-loss at ₹226.

Trail the stop-loss down to ₹221 as soon as the contract falls to ₹219. Move the stop-loss further down to ₹220 when the price touches ₹218. Exit the short positions at ₹217.