

Go long on aluminium

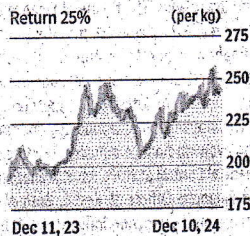
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Aluminium price has ruled stable over the past week. The aluminium futures contract on the MCX has been oscillating in a range of ₹241-₹247 per kg for some time now. Within this range, the contract is currently trading at ₹243.

COMMODITY CALL.

The immediate outlook is not very clear. The level of ₹241 is an important support where the 55-day moving average is also poised. As long as the contract stays above this support, the bias is positive.

That will keep the chances high for the contract to break the range on the upside above ₹247. Such a break can take the contract up to ₹250-₹252 in the next few weeks. A break above ₹252 can see an



extended rise to ₹254-₹255.

This bullish outlook will get negated only if the contract breaks below ₹241. In that case the contract can see a steep fall to ₹234. But on the chart, the level of ₹241 seems to be strong support.

TRADING STRATEGY

We expect the contract to sustain above ₹241. So, we suggest traders to go long now and at ₹243. Keep the stop-loss at ₹238. Trail the stop-loss up to ₹245 as soon as the contract moves up to ₹247. Move the stop-loss further up to ₹248 when the price touches ₹250. Exit the long positions at ₹253.

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