

Aluminium: Buy on dips at ₹256, book profits at ₹270

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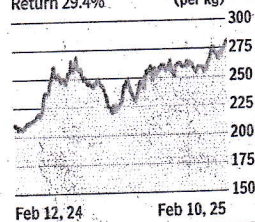
Aluminium futures have been on an uptrend since August last year. They started scaling higher after finding support at ₹208. The latest leg of the rally began early this year.

COMMODITY CALL

February futures started to rally on the back of the base ₹238 in the first week of January. It continued to move up and in the early trade on Tuesday, it hit a high of ₹262.20.

Although the trend is bullish, there is a good chance for a correction in price, possibly to ₹258 - a support. Just below this is another support at ₹254, where both 21- and 50-day moving averages coincide.

Return 29.4% (per kg)



Hence, the region between ₹254-258 is a support band. Below this, ₹246 is a good base. Nevertheless, we expect the futures to moderate to ₹254-258 price band and resume the uptrend. This upswing can lift the contract to ₹270. Subsequent resistance is at ₹285.

TRADE STRATEGY

Buy aluminium futures (February) if they dip to ₹256. Place stop-loss at ₹250 at first. When the contract rises to ₹265 after the trade is initiated, revise the stop-loss to ₹260. Book profits at ₹270.