

# Aluminium futures: Go short

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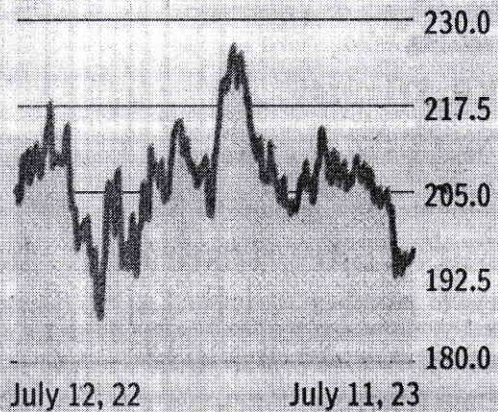
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Aluminium prices have been stable and range-bound over the last couple of weeks. This has paused a sharp fall in the prices that was witnessed in the second half of June. On the MCX, the Aluminium Futures contract has been range bound between ₹192 and ₹198 per kg over the last few weeks. Within this, the contract is currently trading near the upper end at ₹196.75 per kg.

## COMMODITY CALL.

The recent sideways move is just a consolidation within the overall downtrend. The 21-Day Moving Average (DMA) resistance is at ₹199. So, even if the contract breaks the range above ₹198, the upside can be capped at ₹199. We expect the Aluminium Futures contract to break the range below ₹192. Such a break can drag it down to ₹188 in the short-term. The level of ₹188 is a key support where a trend

Return -4.35% ₹ per kg



line, as well as the 200-Week Moving Average, are poised. So, this makes ₹188 a very strong support. Aluminium prices can reverse higher from around ₹188 towards ₹195 and higher levels.

Traders can go short now and accumulate at ₹198. Keep the stop-loss at ₹201. Trail the stop-loss down to ₹195 as soon as the contract falls to ₹192. Move the stop-loss further down to ₹192 when the price touches ₹190. Exit the short positions at ₹189. Since the support at ₹188 is very strong, traders have to exit the shorts at the mentioned levels. Once the price starts to reverse higher from ₹188, fresh long positions can be considered.