

If aluminium rallies to ₹210, book profits

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Since May, aluminum futures on the Multi Commodity Exchange (MCX) have been trendless and charting a horizontal price movement. Largely, the contract has been oscillating between ₹204 and ₹210. It briefly traded below ₹204 early this week but has now moved up to the current level of ₹205.

COMMODITY CALL.

Notably, below ₹204, there is another strong support at ₹200. So, effectively, traders can consider ₹200-210 as the range, and thus, the trend will turn bearish only if the contract's price falls below ₹200.

As the aluminium futures are trading near the range bottom, the probability is high for it to see a bounce to ₹210. If the up-

swing extends, resulting in a breach of ₹210, the short-term trend could turn bullish. In such a case, we can expect the contract to rise to ₹218.

On the other hand, if the price falls below ₹200, the near-term outlook will become negative. While the nearest support is at ₹194, a break below ₹200 can drag the contract to the major support at ₹186.

TRADE STRATEGY

When the contract was trading at around ₹204 last week, we recommended initiating fresh longs. Traders who bought aluminium futures can retain the trade. Maintain the stop-loss at ₹200 and book profits if aluminium futures rally to ₹210.

In case the above buy trade's stop-loss is hit and the support at ₹200 is decisively breached, traders can sell aluminium futures with a stop-loss at ₹205. Exit this short position on a fall to ₹186.