Go long on aluminium

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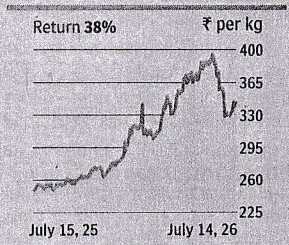

Aluminium prices have recovered well over the last week. The aluminium futures contract traded on the Multi Commodity Exchange touched a low of ₹325 per kg in the beginning of this month. From there, it has risen over 5 per cent and is currently trading at ₹343.

COMMODITY CALL.

The recent rise looks just like a corrective bounce within the broader downtrend. Immediate support is in the ₹340-₹335 region. As long as the contract trades above this support zone, more rise is possible. The contract could rise to ₹350-₹352 from here.

The region between ₹350 and ₹352 is a good resistance zone, where the corrective rise could halt. A reversal from this resistance zone could drag the contract down to ₹345 initially. A further break below ₹345 will then increase the danger of the fall extending to ₹325 in the coming weeks.

If the contract manages to breach ₹352, an extended rise to ₹356 is possible.

TRADE STRATEGY

Traders with high-risk appetite can consider going long now at ₹343. Accumulate on dips at ₹341. Keep the stop-loss at ₹338. Trail the stop-loss up to ₹345 as soon as the contract goes up to ₹347. Revise the stop-loss higher to ₹346 when the price touches ₹349. Exit at ₹350.