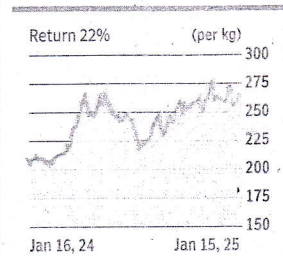


Aluminium: Go short on a rise

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Aluminium price witnessed a strong rise last week. The aluminium futures contract traded on the Multi Commodity Exchange (MCX) has risen sharply from a low around ₹237 per kg. It touched a high of ₹248.35 on Tuesday and is currently trading at ₹246.

The contract has resistances at ₹249 and then at ₹251. A rise to test these resistances in the near-term cannot be ruled out.

However, a decisive break above ₹251 is needed to strengthen the bullish case for more rise. Only a strong break above ₹251 is needed to clear the way for a rise to ₹257.

Failure to breach ₹251 and a reversal from there will be bearish for the contract. Such a reversal will keep the contract under pressure for a fall to ₹240-₹235 again.

As such, the price action around ₹257 will need a close watch in the coming days.

TRADE STRATEGY

The bias is negative. As such, we expect the upside to be capped at ₹251 and see a reversal going forward. So, we suggest traders to go short on a rise at ₹248 and ₹250.

Keep the stop-loss at ₹253. Trail the stop-loss down to ₹246 as soon as the contract falls to ₹244.

Move the stop-loss further down to ₹244 when the price touches ₹242. Exit the short positions at ₹241.