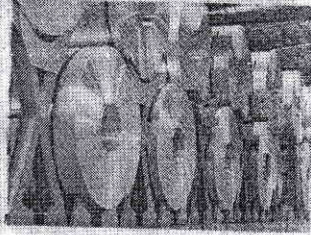


# Bet long in aluminium

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Aluminium futures on the MCX have largely been moving in a sideways range since mid-March. Except for a temporary rally to ₹216 in mid-April, the contract has been range-bound between ₹204 and ₹212 for nearly two months.

## COMMODITY CALL

However, aluminium has been outperforming other base metals such as copper and zinc for the last two months.

Note that the ₹200-204 price band is helping the contract to avoid a fall, at least until now. Since aluminium futures have bounced off the above-mentioned support band several times in the last six months, we believe that the probability of a rally is higher as long as it trades near this base. The immediate resistance levels can be seen at ₹212 and ₹216.

A breach of ₹216 can trigger a leg of upside where the contract can see a swift rally to ₹228. On the other hand, if the support at ₹200 is breached, the aluminium futures is likely to be dragged to ₹188.

From a trading perspective, risk-reward ratio favours long positions. Therefore, we suggest going long on aluminium futures at the current level of ₹206 and add more longs if price dips to ₹202. Place stop-loss at ₹196.

When the contract hits ₹212, exit half of the buys and then tighten the stop-loss to ₹209. Liquidate the remaining at ₹216.