

Aluminium futures hovering near resistance

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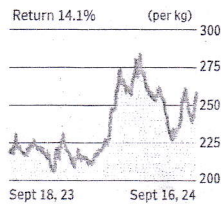
Aluminium futures (September series) on the Multi Commodity Exchange (MCX) found support at ₹217 early last week and rebounded. On Monday, it closed at ₹231.8. The contract faces resistance at ₹234.

COMMODITY CALL

If this level is breached, aluminium futures can establish a fresh leg of uptrend, which can lift the contract to ₹242, its nearest potential barrier. Subsequent resistance is at ₹250. But if aluminium futures fall off the hurdle at ₹234, it can drop back to ₹217.

TRADE STRATEGY

A break below the support at ₹217 can lead to the contract moderating further to



₹210. Short aluminium futures on the back of the resistance at ₹234. Place initial stop-loss at ₹238. When the contract drops to ₹225, revise the stop-loss to ₹230. Exit at ₹220.

In case the contract rises and hits the above-mentioned stop-loss, it would denote that the resistance at ₹234 has been breached. This means, aluminium futures can see a fresh leg of rally. So, if the stop-loss of the short trade is hit, traders can consider going long with a stop-loss at ₹232. When the contract rises to ₹245, alter the stop-loss to ₹240. Book profits at ₹250.