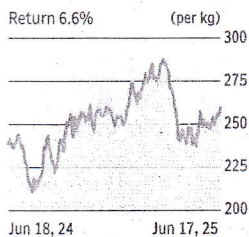


Go long in aluminium if price softens to ₹242



Akhil Nallamuthu
bl. Research Bureau

Aluminium futures have gained 1.5 per cent this week and are currently trading at ₹246/kg. The chart shows that the trend has been positive since early May.

Although the prevailing price action gives a positive outlook for futures, there is a notable barrier at ₹248. The 50 per cent Fibonacci retracement of the prior fall coincides at ₹248, making it an important level.

While there might not be a bearish trend reversal, some profit booking around ₹248 can result in a temporary dip in price. In case such a correction occurs, aluminium might drop to ₹242, a support. At this level, a trendline is likely to coincide, making it a good base. Hence, the downswing might not extend beyond this support.

Going forward, we expect the futures to fall to ₹242, either from ₹246 or after rising to ₹248. Post this, the contract can begin another leg of fresh rally, possibly lifting the price to ₹256.

TRADE STRATEGY

Go long on aluminium if the price softens to ₹242. Target and stop-loss can be ₹256 and ₹236, respectively. If the contract rallies from ₹246 and breaks out of ₹248, traders can consider buying. Target and stop-loss can be ₹256 and ₹244 respectively.