

If aluminium futures rally to ₹202, buy; stop loss at ₹205

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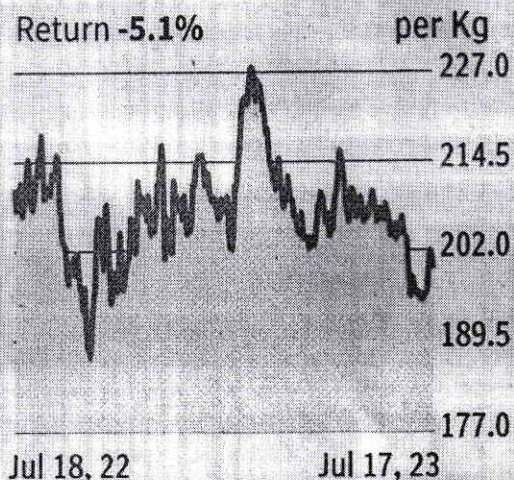
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Aluminium futures on the Multi Commodity Exchange (MCX) bounced off a support at ₹194 in early July. But it was unable to rally above resistance at ₹202. Also, the 50-day moving average lies at around ₹204, thereby making the price band of ₹202-204 a resistance.

COMMODITY CALL.

The contract has fallen off this level and is now trading around ₹200. The overall trend remains bearish, raising the probability of a decline. While the nearest support is at ₹194, there is a good chance the contract will drop to ₹190.

On the other hand, if the



contract moves above ₹204, the short-term trend can turn bullish. In that case, an upswing to ₹215, a notable resistance, is possible. Subsequent barrier is at ₹226.

TRADE STRATEGY

One can sell aluminium futures at the current level of ₹200. Add more longs when the price rallies to ₹202. Place stop-loss at ₹205.

When the contract touches ₹194, tighten the stop-loss to ₹198. Book profits at ₹191.