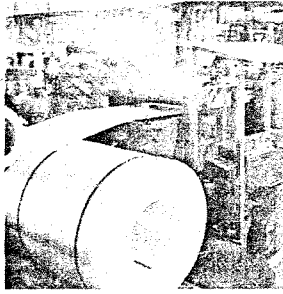


Go long if aluminium breaks out of ₹256, stop loss at ₹250

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Aluminium futures are flat and are now trading at ₹252.50/kg. It has been oscillating in the narrow range of ₹252-256 over the past few days. Since mid-July, the contract has been trading in a broader range of ₹249-256.



COMMODITY CALL.

Therefore, aluminium can establish the next leg of the trend only if the price moves out of the broader ₹249-256 range.

In case it breaks out of ₹256, the futures can rally to ₹265, a potential resistance. The subsequent barrier is at ₹268.

However, if the contract slips below ₹252, it could find support between ₹247 and ₹249. A break below ₹247 could turn the near-

term outlook bearish. In such a case, aluminium could drop to ₹240, the 61.8 per cent Fibonacci retracement of the previous uptrend.

That said, the trend has been positive since May, and as it stands, although there is a resistance ahead, the bulls have a slight edge. Considering this, traders could look for opportunities to go long.

TRADE STRATEGY

Buy aluminium (August) if it breaks out of ₹256. The target and stop-loss can be set at ₹268 and ₹250 respectively.

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