

Aluminium futures: Wait for dips to go long

Gurumurthy K

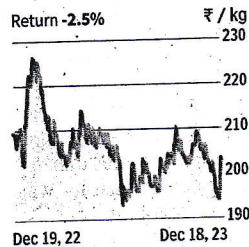
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Aluminium prices have recovered sharply last week. The aluminium futures contract on the Multi Commodity Exchange (MCX) made a low of ₹193.20 per kg on Wednesday and then rose back sharply recovering all the loss. The contract surged to a high of ₹204.70 before closing the week at 202.85 on Friday. It is currently trading at ₹202.90 per kg.

COMMODITY CALL.

Support will now be in the ₹201-200 region. As long as the aluminium contract trades above ₹200, the outlook will remain bullish. As such, a rise to ₹208-209 looks possible in a week or two. A break above ₹209 can take it further up to ₹210-211 in the coming weeks.

This bullish outlook will go



wrong only if the contract breaks below ₹200. Such a break can take it down to ₹197-196 again and even lower.

TRADE STRATEGY

We see high chances for the aluminium contract to sustain above ₹200 and rise to ₹209-210.

Traders can wait for dips. Go long at ₹201.50 and ₹200.50. Keep the stop-loss at ₹198. Trail the stop-loss up to ₹202 as soon as the contract moves up to ₹203.50. Move the stop-loss further up to ₹204 when the price touches ₹205.50. Exit the long positions at ₹207.