

Sell aluminium futures at ₹316 with stop-loss at ₹322

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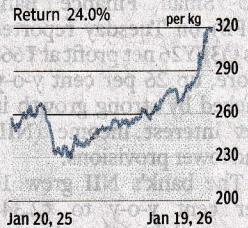
Aluminium futures hit a three-year high of ₹321.30 (per kg) on January 14. But the price action shows that it has been charting a sideways trend since early last week, consolidating between ₹314 and ₹321, and is now trading

COMMODITY CALL.

at ₹316.

Given the prevailing conditions, the path of the next leg of short-term trend depends on the direction of the break of the ₹314-321 range. That said, since May, aluminium futures have had a sharp rally without much correction.

Considering this and that there are barriers at ₹321 and ₹325, there is a good chance for the price to soften.



The contract could see a temporary dip to ₹300, the 23.6 per cent Fibonacci retracement of the latest bull run. On the other hand, if aluminium futures regain traction and break out of ₹325, it could open the door for a fresh rally, potentially to ₹350.

Overall, although the trend is bullish, there is a resistance ahead and also, the risk-reward ratio is good for short positions. So, traders could consider going short.

TRADE STRATEGY

Sell aluminium futures at ₹316 with a stop-loss at ₹322. Book profits at ₹300.