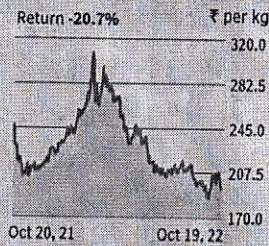


COMMODITY CALL.

Buy aluminium if price falls to ₹186

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Over the past week, aluminium futures on the Multi Commodity Exchange (MCX) declined. Along with the drop in price, the cumulative Open Interest (OI) of aluminium futures fell — that is, it stood at 4,479 contracts on Wednesday against 4,749 contracts a week ago. Thus, the longs that entered in the second half of September and the first week of this month, seem to be moving away as the metal is unable to produce gains.

Moreover, the contract has been moving within the key levels of ₹186 and ₹220. Until either of these are breached, the upcoming trend will remain uncertain. Currently, the October futures of the metal is hovering around ₹198. A breakout of ₹220 can possibly lift the contract to ₹250; a breach of ₹186 can result in a quick fall to ₹170, a support.

While the direction of the break of the range of ₹186-220 will decide the next leg of trend, participants can adopt a range-trading strategy until then. That is, buy at the range bottom and sell at the top.

TRADE STRATEGY

Buy MCX aluminium futures with stop-loss at ₹178 if the price falls to ₹186. When the contract moves above ₹205, tighten the stop-loss to ₹195. Exit at ₹220.

Alternatively, if the contract rallies from the current level to ₹220, initiate fresh short positions with stop-loss at ₹232. Move the stop-loss down to ₹212 when the price slips below ₹205. Exit at ₹186.