

COMMODITY

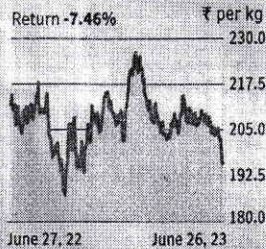
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Aluminium futures: Go short

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Aluminium prices tumbled last week. The aluminium futures contract on the MCX fell more than 4 per cent last week. The fall has taken the contract well below the psychological level of ₹200 per kg for the first time since November last year. The contract made a low of ₹195.3 and has bounced slightly from there. The June futures contract is currently at ₹195.90 per kg. The Aluminium futures contract was broadly range-bound between ₹200 and ₹215 since March. Last week's sharp fall has broken this range on the downside and dragged it lower. This has turned the outlook bearish now. Resistances are now at ₹200 and ₹202, which can cap the upside. Any bounce from current levels is likely to get fresh sellers around ₹200-202.



The contract can fall to ₹188-187 from current levels in a week or two. This ₹188-187 is an important support zone. A trend line as well as the 200-week moving average are poised in this ₹188-187 region.

As such, chances are high for the contract to reverse higher again from here eventually. Traders can go short at current levels. Accumulate shorts on a rise at ₹200. Keep the stop-loss at ₹203. Trail the stop-loss to ₹194 as soon as the contract falls to ₹191. Move the stop-loss further down to ₹191 when the contract touches ₹189. Exit the shorts at ₹188.