

# MCX aluminium: Wait for dips to go long

## COMMODITY CALL..

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Aluminium prices have been under pressure over the last couple of weeks. The MCX aluminium futures (January) contract has declined 3.65 per cent in the last two weeks and is currently trading at ₹208.6 per kg.

### OUTLOOK

The 21-Week Moving Average support is poised immediately at ₹206.7. Below that a strong short-term trendline support is at ₹205.5.

We can expect the contract to reverse higher either from ₹206.7 or after a slight extended fall to ₹205.5. Such a reversal can take the contract higher to ₹212-213 initially and then to ₹215-218 eventually in the coming weeks.

Looking at the price action in the recent times, the expected rise to ₹215-218 might happen quickly within



a week or two provided there is good trading volume and volatility.

The above-mentioned bullish outlook will go wrong if it falls below the trendline support level of ₹205.5. In such a scenario, though less probable, a steeper fall to ₹200 and even ₹195 can be seen.

### TRADING STRATEGY

Go long on dips at ₹207 and accumulate at ₹206. Keep the stop-loss at ₹204. Trail the stop-loss up to ₹208 as soon as the contract moves up to ₹209.5. Move the stop-loss further up to ₹210 when it touches ₹211. Book profits at ₹212.