

Aluminium: Go short if it drops below ₹200 on MCX

COMMODITY CALL

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Aluminium futures on the MCX, after hitting a high of ₹325.4 in March, has been moving southwards. It hit a low of ₹202.25 a couple of weeks ago, losing 39 per cent from the top i.e., ₹325.40. However, the price action over the past few weeks suggests that the downtrend has halted, at least temporarily, and the contract is now oscillating in the range of ₹200-215. While this may not be an indication of a reversal of the bullish trend, the consolidation improves the chances for a corrective rally.

That said, technically, the aluminium futures should move out of the ₹200-215 range for us to assume the next leg of the trend. Suppose the contract falls below the support at ₹200, it can decline to ₹187 and possibly to ₹160 which are the nearest sup-



ports below ₹200. On the other hand, if the aluminium futures break out of ₹215, it can appreciate to ₹235, the immediate barrier. A breach of this can lift the contract to the ₹250-254 range—a resistance band. But a rally beyond this price band is less likely.

So, traders can consider fresh short positions if the support at ₹200 is breached. Or short if futures rallies to ₹235 and ₹250 i.e., split the entries into two legs and initiate one leg of short at ₹235 and another leg at ₹250 so that the average short price would be around ₹243.