

Buy aluminium futures if the price dips to ₹287/kg

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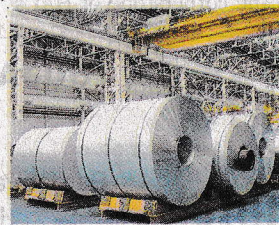
bl. research bureau

Aluminium futures hit a three-year high of ₹315.15 (per kg) on Monday. Following this, the price dropped quickly and is now at ₹292.

COMMODITY CALL

From the current level, aluminium futures (January) are likely to drop to ₹287-284 price band, which is a support. If the contract resumes the uptrend from here, it can retest the ₹315.15 and a rally past this level can lift the price to ₹325.

On the other hand, if aluminium futures breach the



support at ₹284, they can extend the downswing to ₹275, where a trendline and the 50-day moving average support coincide. Only a break below ₹275 can change the outlook bearish. Notable support below this level can be spotted at ₹256.

Overall, following the share rally in recent weeks, there is a good chance for aluminium futures to witness a corrective decline. But



the drop is likely to be arrested at ₹284.

TRADE STRATEGY

At the current level, the risk-reward ratio is not favourable for both long and short positions. Therefore, we suggest staying out.

Traders can buy aluminium futures if the price dips to ₹287. Target and stop-loss can be ₹315 and ₹278, respectively.