

COMMODITY CALL

Bulls gaining ground in MCX-aluminium



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From December 2020 to mid-February, the price of aluminium futures largely moved in a rectangular pattern. That is, the March futures contract of the metal on the Multi Commodity Exchange (MCX) fluctuated between ₹160 and ₹170.

However, before a couple of weeks, the contract breached the resistance at ₹170 and moved out of the trading range, indicating that a rally could follow. Nevertheless, it neither rallied nor declined and hovered just above the key level of ₹170 - a resistance turned support. The 21-day moving average (DMA) coincides at ₹170, making it a substantial support.

Extending the upswing, the contract marked a fresh high of ₹178.7 on Wednesday. The price bounce is accompanied by good volume, a clear indication of bulls gaining ground.

Traders can remain bullish and buy MCX-aluminium futures on dips with stop-loss at ₹170. While ₹182 can resist the bulls, the contract is likely to get over it and move towards ₹190 in the short run.