



Script – Aluminium

Recommendation – Buy

| Strategy | Aluminium Rs./K.g) |
|------------|-------------------------------------|
| Buy around | 125-124 and can accumulate in panic |
| Stop loss* | Below 119 |
| Target | 130.5--134--137.50++ |

**Stop loss based on closing basis.*



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Technical View – Aluminium

("The Pennant" a continuation pattern)

Daily Chart (cmp 125.40)



Following developments in the daily chart, we have seen a prolonged consolidation in the range of Rs.120—125 since March'17. While writing, it's trading around Rs.125.40 forming a **The Pennant** in the daily chart (A continuation pattern) in which we have seen a healthy break out at the level of Rs.124.50. The pattern has clearly indicating, if prices manage to hold above Rs.124.5 as its key break out level the demand for an asset may be strengthening and close above the same it will flared towards Rs.130.50---134---137++ mark in near term. Every decline towards Rs.122 will be an opportunity to accumulate fresh buying position in it.

Momentum oscillators like , **MACD** (12,26,12) and **ADX-14** valued at 0.17 and 32 clearly showing a positive diversion along with healthy trending path in the chart while, **RSI-14**(67) hovering near the overbought zone which may limit the gain in prices.

Prices also got supported by its **21& 55 DMA** which is quoted at Rs.122 and Rs.122.80 clearly showing a positive trend in it

Alternatively, Aluminium has a support at Rs.119.00 in the daily-weekly chart. Close below 119 will negate our bullish outlook in the chart.

Monthly Chart:

(Double Top which neckline resistance is at Rs.130.50)



Following developments in the monthly chart, we have seen a double top (It appears as two consecutive peaks of approximately the same price on a price-versus-time chart of a market) which is having a neckline resistance of Rs.130.50. Close above 130.50 will take it towards uncharted territory Rs.134---Rs.137+++mark in near term. Support will intact at Rs.119.

As visible in the chart, we can see a good break out by **the Guppy Multiple Moving Average (GMMA)** which is also supporting prices to trade towards north direction. Rising volume along with momentum oscillators also showing positive a diversion in the chart.

Final outlook for traders:

In our above analysis in the daily and monthly chart, clearly showing that the prices likely to trade with positive bias in near term to medium term. Sustainable move above 124.50 (BOP) will see a good upside in it.

Traders don't go for aggressive or positional selling at all because trend looks positive and traders can accumulate more on decline till Rs.122. For positional buyer stop loss seeing below its key support of Rs. 119 on closing basis.

Trading Strategy:

Buy Aluminium around Rs.125--124 and can accumulate in panic with stop loss below Rs.119 on closing basis for the initial target of Rs.130.50--134—137++ mark (Support will remain Rs.119)

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