Retain shorts in copper

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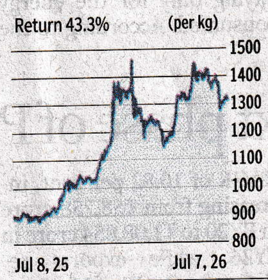
Copper futures (₹1,280/kg) have seen some appreciation for nearly two weeks now. But the overall picture appears bearish, and the recent upswing is likely to be temporary.



COMMODITY CALL.

The July futures started a recovery on the back of support at ₹1,240.

Now trading at ₹1,280, the contract faces a strong barrier at ₹1,300, where the 21-day moving average coincides.

Since the broader trend is weak, we expect copper futures to resume the decline anywhere within the ₹1,280-1,300 price region. Once the downtrend restarts, copper futures can decline to ₹1,230.

However, if the contract breaks out of ₹1,300, the outlook could turn positive. In this scenario, the price could rise to ₹1,340. A breakout of ₹1,340 could lift the contract to ₹1,365.

Overall, as it stands, the outlook remains weak and copper futures could witness another leg of a fall.

TRADE STRATEGY

Last week, we recommended selling copper futures if the price rises to ₹1,275. Participants who initiated this trade can retain it. But modify the stop-loss from ₹1,300 to ₹1,310.

When the contract drops to ₹1,245, revise the stop-loss to ₹1,265. Book profits at ₹1,230.