

Copper futures: Go short at ₹750; stop-loss at ₹759

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Copper prices have been broadly stable after its sharp fall on Monday last week.

COMMODITY CALL.

The copper futures contract on the Multi Commodity Exchange (MCX) fell to a low of ₹765.70 per kg and has risen back slightly from there.

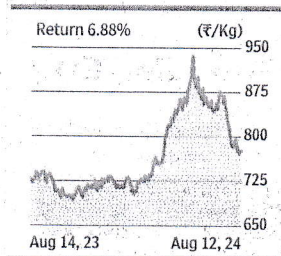
It is currently trading at ₹777 per kg.

The broader trend is down and it is intact. However, the price action over the last one week indicates that there could be a corrective rise in the short-term.

Support is around ₹765 — the 55-week moving average, which has been holding well for now. Resistance is around ₹785, which can be tested this week.

The price action, thereafter, will need close watch.

A strong break above ₹785



can boost the momentum. Such a break can take the MCX Copper futures contract up to ₹800-₹805 in a week or two.

On the other hand, if the

contract fails to breach ₹785 and turns down, it can fall back to ₹765.

In that case, a sideways consolidation between ₹765 and ₹785 is a possibility for some time.

A break below ₹765 will keep the broader downtrend intact. It will see the fall extending to ₹745 over the medium-term.

TRADING STRATEGY

Traders can stay out of the market for now.

Wait for the consolidation

or the corrective rise to happen. Trades can be taken after that based on the direction of the breakout.

However, since the broader trend is down, short positions can be initiated once the contract breaks below ₹765.

Stop-loss can be kept at ₹772. Trail the stop-loss down to ₹761 as soon as the contract falls to ₹758.

Move the stop-loss further down to ₹759 when the contract touches ₹756. Exit the short positions at ₹750.