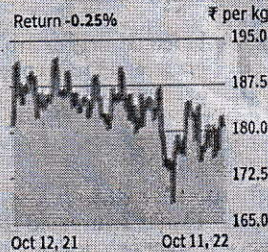


COMMODITY CALL.

Go long on lead at the current level of ₹181

Akhil Nallamuthu
bl.research bureau



In the past month, prices of lead futures on the Multi Commodity Exchange (MCX) have fluctuated between ₹175 and ₹182. The nearest expiry, i.e. the October series, is now trading at ₹181.

Since lead futures have been charting a sideways trend and are now hovering around the range top, ideally, one should expect the contract to see a decline from here. Especially given that ₹184 is a strong resistance where a falling trendline also coincides. However, there are reasons for some optimism.

The cumulative Open Interest (OI) of lead futures on the MCX has considerably increased to 1,259 contracts on October 11 compared with 694 contracts on August 31.

Also, the RSI and the MACD on the daily chart have recently entered the bullish region. So, the odds of breaking the barrier at ₹184 seem to be improving. Therefore, we recommend that traders consider fresh longs.

TRADE STRATEGY

Considering the recent long build-up, one can risk buying MCX lead futures at the current level of ₹181 with a stop-loss at ₹178. Move the stop-loss up to ₹182 if the contract breaks out of ₹184. Further, when the contract rallies past ₹188, tighten the stop-loss to ₹185. Exit the longs at ₹192 since the price band of ₹192-195 is a strong hurdle to cross.