

Copper futures: Avoid fresh positions for now

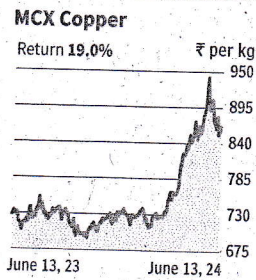
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Copper futures have been on a downtrend for about three weeks. The June expiry contract on the MCX marked a high of ₹953.45 on May 21 and then started to decline. The chart shows that ₹950 acted as a resistance and blocked the bulls.

That said, the current chart setup shows that the bears have lost some traction and copper futures are likely to consolidate for a while. That is, it is likely to move within ₹850 and ₹890. The direction of the break of this range will set the tone for the next leg of trend.

If bears regain strength and drag copper futures below the support at ₹850, it will open the door for a decline to ₹800, a notable support. Subsequent support is at ₹760.

On the other hand, if cop-



per futures recover from the current level and break out of ₹890, the outlook will turn bullish. In this case, the contract can quickly rise to ₹950. A breach of this level can intensify the rally, potentially lifting copper futures to ₹1,000.

Overall, a lot depends on the path in which copper futures move out of the ₹850-890 range.

Refrain from taking fresh trades now. Create positions along the direction of the break of the range ₹850-890.