

COMMODITY CALL.

Buy copper futures now



Akhil Nallamuthu

bl. Research Bureau

Copper futures on the MCX has been on a recovery ever since it took support at ₹700 in the final week of May. The rally extended in the following weeks and the contract broke out of a key resistance at ₹730 on Wednesday. Thus, the short-term outlook has turned positive. Currently, June futures of copper are trading at ₹728 after they rose to a five-week high of ₹732.45 on Wednesday. There is a chance for it to soften to ₹725. However, we expect copper futures to eventually resume the upswing and move up to ₹750.

On the other hand, if the contract falls below ₹725, it is expected to find a rising trendline support at ₹723. A drop below this trendline can attract fresh sellers, leading to a sharp fall in price, possibly to ₹710 or even ₹700. Nevertheless, copper futures are trading with a bullish bias as it has invalidated the resistance at ₹730.

One can buy copper futures at the current level of ₹728. Add more longs in case the price dips to ₹725. Place initial stop-loss at ₹718. When the contract rallies past ₹738, modify the stop-loss to ₹730. When the contract touches ₹745, tighten stop-loss further to ₹738. Book profits at ₹750.