

Copper futures: Go long now, stop loss at ₹750

COMMODITY CALL.

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Copper futures on the MCX, which has been on an uptrend of late, closed above the key resistance of ₹760 last week. This increases the probability of the contract rallying further.

Reiterating the bullish momentum, fund flows indicate fresh long build-ups since the beginning of January — along with the rally, the cumulative open interest (OI) of copper futures on the MCX increased to 6,979 contracts on January 17 compared with 5,044 contracts on December 30. Price moved up from ₹723 to ₹772 in the corresponding period. A price increase along with increasing OI shows long build-up. Also, on the weekly chart, the RSI and the MACD have more room to reach overbought areas. Therefore, we



forecast copper futures to cross ₹800 and touch ₹825 in the near term. On the other hand, if there is a fall from the current level, it has support at ₹760 and ₹730.

STRATEGY

Buy MCX copper futures at the current level of ₹777 and buy more when price dips to ₹765. Place initial stop-loss at ₹750. When the contract touches ₹800, liquidate one-fourth of the longs and tighten the stop-loss to ₹790 for the leftover buys. On a rally above ₹815, move the stop-loss further up to ₹805. Exit the remaining longs at ₹825.