

Bet short in copper futures

COMMODITY CALL

AKHIL NALLAMUTHU

BL Research Bureau

The continuous futures contract of copper on the MCX (Multi Commodity Exchange) has been rallying over the past month.

After taking support at ₹600, the contract has appreciated to the current level of ₹660 after touching a high of ₹684.3 last week.

The chart indicates resistance between ₹670 and ₹700. The 50-day moving average (DMA) lies within these levels, making it a considerable resistance band.

Therefore, the likelihood of a decline from here is high given the overall bearish trend. In case the copper futures rally from here, it can be capped at ₹700.

If the contract resumes its downtrend from the current levels, it will most



probably fall below ₹600 and touch ₹585, a support level. Subsequent support is at ₹550.

Considering these factors, initiate fresh short positions in two legs.

That is, go short at the current level of ₹660, and add more shorts when the contract rallies to ₹700. Place initial stop-loss at ₹745.

Once the contract slips below ₹600, tighten the stop-loss to ₹670.

Revise it further down to ₹615 when the price falls below ₹585. Exit all the shorts at ₹550.