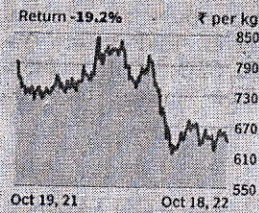


COMMODITY CALL.

Bet short in MCX copper

Akhil Nallamuthu

bl. research bureau



Copper futures on the Multi Commodity Exchange (MCX) continue to move within the range of ₹635-675, since the beginning of September. Nevertheless, the October contract (expiring on October 31) is currently trading near the support at ₹635.

There has been a good short build-up over the past week. The price declined from ₹657 to ₹640.5 indicating fresh short build-up. This increases the chances of the contract breaching the support at ₹635.

Should that occur, the price of copper futures is expected to drop to ₹590 — its nearest support. Subsequent support can be seen at ₹550. This is a strong one and we expect the contract to bounce if it falls to this level.

Note that until ₹700 is decisively breached, the bias will be bearish, and we suggest considering short positions.

TRADE STRATEGY

We have been recommending shorts since the beginning of September at various price points between ₹640 and ₹675 with initial stop-loss at ₹715. A couple of weeks back, we recommended tightening the stop-loss down to ₹685. Hold these positions if you have initiated shorts earlier.

Henceforth, revise the stop-loss to ₹670 if the contract slips below the ₹600-mark and move it further down to ₹615 when the price touches ₹585. Exit the shorts at ₹550. For fresh positions, wait for now and go short after the support at ₹635 is breached. Stop-loss and adjustments can be the same as above.