

# Consider going long in MCX natural gas futures

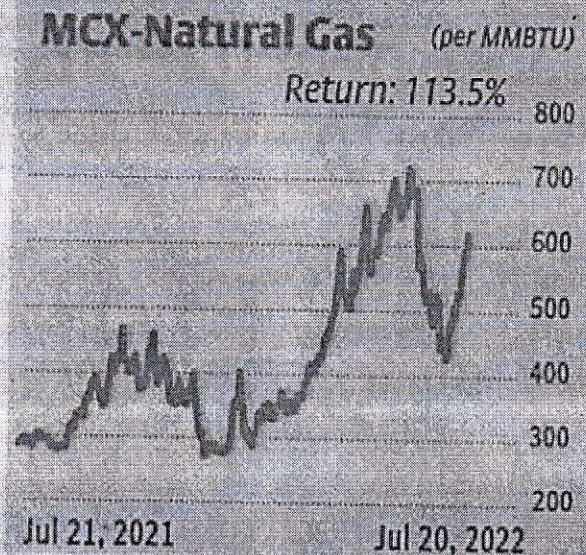
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Natural gas futures (continuous contract) on the MCX, which hit a high of ₹749.6 in early June, reversed the trend and witnessed a sharp sell-off. In July first week, it marked a three-month low of ₹425, thereby losing a considerable 43 per cent from its peak.

However, the contract recovered, and on Wednesday this week, it closed above the hurdle at ₹600, opening the door for further upside. From the current level of ₹619, it might dip to ₹600, but it could rally to ₹700. The upside might be extended to ₹740.

Considering these factors, traders can go long at the current level of ₹619 and add longs if the price dips to ₹600. Place the stop-loss at ₹565. When the contract hits ₹700, liquidate 60



per cent of the total longs you hold and tighten the stop-loss to ₹650. Exit the remaining longs when the contract rallies to ₹740. Note that this is a short-term trade.

The price band of ₹740-750 has considerable resistance and correction is possible from that level. So, further trades can be decided based on how the contract reacts to this resistance band.