

## COMMODITY CALL.

### Copper: Hold short positions



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Copper prices continued to fall last week in line with expectations. The copper futures contract, which fell to a low of ₹710.30 per kg on the MCX last week, has gone up from there. It has come off a high of ₹728 hit on Friday, to currently trade at ₹716.80 per kg.

The overall trend is down. The recent bounce from a low of ₹710.30 is significant, and has happened just below the 200-day moving average support at ₹715. However, the pull-back from ₹728 indicates the inherent weakness in the contract. This keeps the overall bias bearish. As such, any further rise from here could see fresh sellers coming into the market at higher levels.

Resistance in the ₹730-735 region could cap the upside. The contract could fall to ₹710-700 again this week. A break below ₹700 can drag the price to ₹685-680 thereafter.

To negate this bearish view, the copper futures contract has to break above ₹735 decisively. In that case, the contract could get a breather and rise to ₹750 and higher. But such an upmove looks less probable.

#### TRADE STRATEGY

Hold on to short positions taken at an average price of ₹747. The revised stop-loss is now at ₹740. Retain the stop-loss there. Exit 50 per cent of the short positions at ₹710. Revise the stop-loss for the rest to ₹722. Exit the remaining shorts at ₹700.