

COMMODITY CALL.

Buy copper futures above ₹720

Akhil Nallamuthu

bl. research bureau

MCX Copper



Copper futures on the MCX, after witnessing higher volatility in November, steadily gained in December until it faced resistance at ₹713. While prices did not fall off this level, the contract started to consolidate between ₹700 and ₹713. On Wednesday, the contract went above ₹713, and is currently hovering around ₹717. While there is high likelihood of a rally from the current level, one should note that the price level of ₹720 is a key hurdle. The battle is won only if the bulls can lift the contract above ₹720. Such a break can lead to another leg of a rally where the contract can touch ₹760, its nearest resistance above ₹720, quickly.

TRADE STRATEGY

Even though the bias has been bullish of late and the MCX copper futures have moved above the minor hurdle at ₹713, there is a major one at ₹720. Until this is breached, it is not a good idea to take fresh long positions. One can wait and go long after the copper futures break out of ₹720. Place initial stop-loss at ₹690. When the contract touches ₹750, tighten the stop-loss to ₹730. Exit the shorts at ₹760.