

Wait for copper futures to decline and go long

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Copper prices have been declining sharply since Friday last week. The copper futures contract traded on the Multi Commodity Exchange (MCX) rose to a high of ₹739.70 per kg on Thursday and then declined sharply from there. The contract is currently trading at ₹718.

OUTLOOK

The near-term outlook is negative. The 100-day moving average (MA) at ₹740 has been capping the upside for some time now. The contract can fall to ₹707 this week. Thereafter, the price action will need a close watch.

COMMODITY CALL.

A bounce from around ₹707 can take the copper futures contract up to ₹730-735 again. But if the contract breaks below ₹707, the downside pressure can increase. In that case, an extended fall to

MCX Copper

Return 14.0%

₹ per kg



₹690-685 can be seen.

The region around ₹740 is a very crucial resistance. The copper futures contract has to rise past ₹740 to become bullish. That looks less probable at the moment. For now, we expect the contract to sustain above ₹707 and see a rise back to ₹730-735.

TRADE STRATEGY

Traders can wait for dips. Go long at ₹712 and ₹708. Keep the stop-loss at ₹702. Trail the stop-loss up to ₹715 as soon as the contract moves up to ₹720. Move the stop-loss further up to ₹722 when the contract rises to ₹726. Exit the long positions at ₹730.